FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT
No. 28,308
Thursday October 30 1980 *** 25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 75; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

Action on 'black economy' urged

Tough measures by the Inland Revenue against the "black economy," including more random checks on casual labour, are urged by the Commons Public Accounts Committee.

The committee said the "black economy"—undeclared income estimated at £12bn—was now the tax collection system's biggest problem. Page 10

IBM, the U.S. computer company, warned that the latest plan to computerise the Revenu's Pay As You Earn operation might prevent significant changes in the Chancellor's taxation policy. Page 8

Moscow-bound

Polish Communist Party leader Stanislaw Kania and Prime Minister Josef Pinkowski are to travel to Moscow today. The Polish authorities are due to meet disgruntled labour leaders in Warsaw tomorrow. Back Page

Bomb sent to MP

Scotland Yard fears more letter-bombs, similar to one delivered to Labour MP Frank Allaun at the House of Commons yesterday, may have been sent to other prominent people. Mr. Allaun was suspicious of the package and alerted police.

Station blast

At least two people were killed and dozens injured in a blast at Peking's main railway station. Soldiers had earlier been seen carrying explosives at the terminal.

Yachtsman lost

Angus Primrose, a leading British yachtsman, is presumed to have drowned after being swept from his sinking vessel off the U.S. coast.

Seaga pledge

Jamaica's opposition Labour Party leader, Mr. Edward Seaga, said the Cuban Ambassador to Kingston would be asked to leave if his party wins today's general election. Page 5

Rugby protest

Church leaders in New Zealand presented the Foreign Minister with a 7,000-name petition to call off next year's proposed rugby tour by the South African Springboks.

Secrecy over

Iran's Majlis (Parliament) will today hold a public session to discuss the release of 52 U.S. hostages after three days of secret talks. Page 4

'Carnage' plea

South Yorkshire Coroner Dr. Herbert Pilling called for "tough" moves to curb the import of foreign motor-cycles "to stop the carnage on our roads."

Healey favourite

Bookmakers made Mr. Denis Healey the 4—11 favourite to succeed Mr. James Callaghan when nominations for the Labour Party leadership closed. Parliament, Page 10; Men and Matters, Page 22

Meals appeal

Suffolk County Council has hired a publicity firm to launch a sales campaign for school meals. Orders have fallen by a third in 12 months.

Briefly . . .

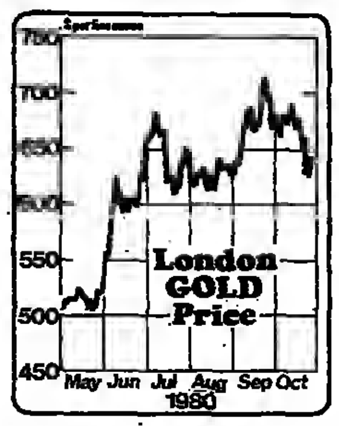
Blaze started by a gas stove explosion in a house near the Grand Mosque at Mecca killed 21 pilgrims.

Farmers trapped a mountain lion that has been worrying Scottish cattle for eight months.

BUSINESS

Gold up $12; Oils at new high

● GOLD rose $12 in London, closing at $643.5, on news that Iran's Parliament failed to make a decision about the U.S. hostages. Page 27; Talks today, Page 4



● DOLLAR eased to DM 1.8855 (DM 1.8930) and its trade-weighted index fell to 84.9 (85.4). STERLING rose 55 points to $2.4415. Its index rose to 79.0 (78.9). Page 27

● EQUITIES drifted. The FT 30-share index closed 2.3 down at 493.2. OILS index rose 5.34 to a fresh high of 999.99. Page 40

● GILTS were again dull. The FT Government Securities index fell 0.11 to finish at 71.42. Page 40

● WALL STREET was up 2.39 at 934.98 near the close. Page 38

● LLOYDS BANK is introducing Cashbow, which enables current account customers to borrow up to 30 times an agreed monthly payment.

● CANADIAN TAKEOVER of several foreign-owned oil companies will start within 18 months. Back Page; Aim for self-sufficiency, Page 5; Editorial comment, Page 22

● PETROCHEMICAL output will grow "a little" less than the 4 per cent a year it forecast eighth months ago, Shell said.

● ESTEL, Dutch steel group, postponed indefinitely two investment projects worth nearly Fl 850m (£171.3m). Page 30

● AUEW, the engineering industry's dominant union, approved an 8.2 per cent increase in national minimum rates. Page 10

● NIPPON OIL'S six-month operating profits rose more than 10-fold from Y6.8bn to Y75bn (£143.9m). Page 31

● CHARTER, the Florida-based energy company, lost $22.4m (£9.1m) in the third quarter, against profits of $131.5m. Page 28

● BETHLEHEM STEEL, the second biggest U.S. steelmaker, lost $32.3m (£13.2m) in the third quarter, against profits of $74.8m. Page 28

● CHRYSLER, the U.S. motor company, lost $490m in the third quarter, taking this year's deficit to $1.47bn (£602m). Back Page

● FINMECCANICA, engineering and motor industry holding company of Italy's state-owned IRI group, reports reduced losses of L180bn (£83m) for the year to June 30. Page 30

● ARTHUR BELL and Sons, distillers, raised pre-tax profits slightly to £16.84m (£16.82m) in the year to June 30. Page 24; Lex, Back Page

● FIDELITY RADIO reports a £973,000 loss at the half year, against pre-tax profits of £788,000. Page 24

● P. C. HENDERSON Group, maker of sliding door gear, garage and industrial doors, increased six-month taxable profits by 15 per cent to £938,000 (£815,000). Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Abercom	165	+	21
Avon Rubber	97	+	4
Barclays Bank	450	+	10
Belt (A.)	180	+	8
Chambers & Fargus	45	+	5
Cornell Dresses	88	+	10
Geers Gross	62	+	5
Hambros Bank	678	+	18
Hoover A	133	+	5
Kean and Scott	150	+	35
MY Dart	38½	+	2½
Mercantile House	392	+	10
NatWest Bank	428	+	8
Newarthill	328	+	18
Peerless	93	+	6
Polly Peck	173	+	21
Racal Electronics	350	+	7
Sainsbury (J.)	590	+	10
Tern [illegible]	48	+	5
[illegible]	153	+	7
Charterhouse Pet.	112	+	7
Clyde Petroleum	850	+	30
Central Pacific	485	+	25
Grootvlei	645	+	38
Hampton Areas	253	+	18
Jones Mining	65	+	13
Kitchener Mining	390	+	45
FALLS			
Assd. Dairies	236	−	6
Assd. Leisure	139	−	6
Brown (J.)	74½	−	3
Fidelity Radio	41	−	4
Gomme	32	−	4
Gordon (Luis)	36	−	4
Hong Kong Land	165½	−	10½
Jardine Matheson	228	−	18
Jardine Securities	122	−	29
Lucas Inds.	169	−	9
Phoenix Assurance	290	−	6
Richardsons Wgrth.	38	−	4
Carless Capel	198	−	8

Employment decline spreading to service industries

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

TOTAL EMPLOYMENT is falling rapidly as the impact of the recession spreads from manufacturing to service industries. Large numbers of workers also appear to be leaving the labour force and not seeking jobs.

Department of Employment figures published last night in its monthly gazette show that the decline in employment is both larger and more widespread than in the 1974-76 recession.

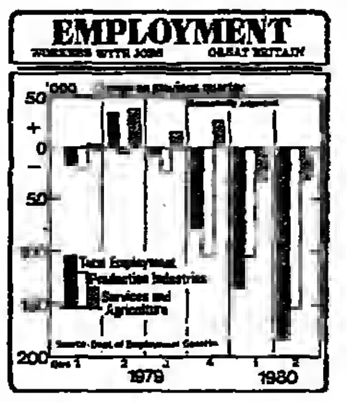
In particular, the number of jobs in the service sector is falling after a decade of steady growth.

The quarterly figures for employment provide a much fuller picture of the labour market and of job opportunities than the monthly, and much better-known, unemployment statistics.

Total employment in Great Britain dropped by 185,000 to 21.9m, seasonally adjusted, from March to June. Over the year to June the drop was 405,000 compared with a rise of 250,000 in the previous three years and a total decline of 250,000 in the whole two years of the mid-1970s recession.

The sharp drop in employment in the year to June was not, however, fully reflected in the increase in unemployment, large though that was at nearly 300,000. The working population therefore dropped by more than 100,000 to its lowest level for over three years.

The fall in the working population (employed plus unemployed) is puzzling since the number of people of working



age has been rising by roughly 200,000 a year recently.

Consequently there appears to be a large hole in the labour market. The Department of Employment suggests that "earlier retirement, particularly among men may have been the main reason for these missing workers."

The fall in the female labour force in the year to June, after more than a decade of rapid growth, suggests that, in addition, some married women may have been discouraged from seeking work in current conditions and may have decided not to register as unemployed.

Some of the missing workers may have moved into the "black" or unrecorded economy, the market beyond statistics or tax men.

The figures confirm that the squeeze has been tightest on manufacturing industry, where employment has fallen by more than 500,000 since mid-1979, to 6¼m, after declines of 82,000 and 74,000 in July and August.

Confederation of British Industry economists estimated earlier this week that the drop might be 180,000 in the four months to January. The total decline in the present recession looks likely to be more than the loss of 600,000 jobs from 1974 to 1976.

Manufacturing employment dropped by 7 per cent in the year to August, slightly less than the fall in output over the period. Within manufacturing, employment dropped by 13½ per cent in textiles, 12½ per cent in metals and 9 per cent in clothing and footwear.

A major contrast compared with the mid-1970s is that employment in the service industries has started to contract, after expanding by more than 1½m in the 1970s, mainly in the public sector.

The drop was 32,000 from March to June, compared with a decline of 31,000 in the previous quarter and a rise of 70,000 in 1979.

The recent decline in service employment may also account for some of the recent fall in the female labour force.

Female employment dropped by 69,000 in the second quarter for a total drop of 135,000 in the year to June. This compares with an average increase of nearly 30,000 a quarter in the three years to mid-1979.

Foreign competitors led productivity, Page 10; Economic Viewpoint, Page 23

Howe forecasts further cuts or higher taxes

BY RICHARD EVANS, LOBBY EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, gave a warning to his Cabinet colleagues yesterday that they would have to accept further, substantial cuts in the departmental programmes or force the Government into increasing taxation.

"All public expenditure must be paid for by taxation or by borrowing. For all of us, the arithmetic is quite inescapable," he told the Commons.

The implication was clear: the Cabinet must agree to further cuts of about £2bn-£2.5bn in public spending programmes for the next financial year—or it will face the politically damaging prospect of tax increases.

Sir Geoffrey was answering an attack from the Opposition about the effect of the Government's economic policies on the level of unemployment. He was speaking on the eve of today's Cabinet meeting when Ministers will debate Treasury demands for further public spending cutbacks next year.

He received a pointedly tepid reception from Conservative MPs when he re-affirmed the Government's determination to maintain its present economic strategy.

The Chancellor flatly rejected all appeals from the Opposition for a reversal or easing of economic policies. Instead of cheers from his own backbenchers, he was heard largely in worried silence.

His reception illustrated the big change in attitude among the Government's supporters during recent weeks. Tory MPs have returned from the summer recess increasingly concerned about the impact of the Government's policies on industry and worried at the projected further cuts in public spending.

Sir Geoffrey argued that it would be "total folly" to abandon present policies "when they are beginning to produce results." The course the Government had chosen was the

Continued on Back Page
Enterprise zones, Page 8; Parliament, Page 10

Matsushita Electric sales up 20%

BY YOKO SHIBATA IN TOKYO

MATSUSHITA Electric Industrial, one of the world's largest manufacturers of electric appliances, expects to boost its sales by a fifth to Y2,850bn (£5.5bn) in the year to November 20, helped by an 80 per cent rise in value of sales of video tape-recorders.

Such has been the surge of video tape-recorder sales so far this year that Matsushita, a strong exporter, increased its export sales by 33 per cent to Y790bn in the first nine months of its business year.

Overall sales for the first three quarters were a record Y2,093bn while consolidated earnings rose 27 per cent to Y89bn, equivalent to Y75.94 a share.

The company predicts at least a 22.1 per cent increase in consolidated net profit for the year to a record Y120bn.

The consolidated figures include those of Victor Company of Japan, in which

1979 Sales	
General Electric (U.S.)	$22.4bn
Philips (Neth)	$16.6bn
Siemens (Germany)	$15.1bn
Hitachi (Japan)	$12.6bn
Matsushita Electric Industrial (Japan)	$11.2bn

Source: Fortune Magazine

Matsushita has a 50.2 per cent shareholding. Matsushita itself sells equipment under the Panasonic, National, Technics and Quasar brand names.

Matsushita, which with Victor developed the VHS video-tape format, claims some 50 per cent of the video recorder market.

Japan's total production of these machines was earlier estimated at 3m units for 1980, but this has been revised upward to 3.8m. Video tape-recorders have displaced television set this year as Japan's most important electronic export.

Some Y10bn of capital investment, out of a Matsushita group total of Y50bn, will be devoted to video recorder production this year.

The company is producing more by switching its largest colour television plant to manufacture of video tape-recorders. This should bring output of these to 140,000 units a month by the New Year.

Sales jumped by 77 per cent in the first nine months to Y257bn, of which nearly three-quarters were overseas. Video recorder sales for the full year are expected to rise by 79 per cent to Y380bn.

In contrast to the strong export performance, Matsushita's domestic sales grew by only 9 per cent in the first nine months. It explained that sales of air-conditioners and other summer electric appliances were depressed by unusually cool weather.

CONTENTS

For latest Share Index phone 01-246 8026

Prime rate rise offsets $ slide

BY DAVID MARSH

THE DOLLAR fell back yesterday against major currencies from Tuesday's levels, although it was given some support in London in the afternoon by news of the U.S. prime rate rise.

Sterling rose to $2.4415 from $2.4360, and to 79.0 from 78.9 on the basis of its trade-weighted index.

The Deutsche Mark recovered some ground against the dollar, closing at DM 1.8855 against Tuesday's DM 1.8930. But it remained under pressure within the European Monetary System, where currency rates are showing increasing signs of strain.

The Bundesbank and other EEC central banks had to intervene yesterday to prevent the weak D-Mark and Belgian franc from falling too far against the system's strongest members, the French franc and Dutch guilder.

For the second day running, the Bundesbank had to sell French francs at the midday Frankfurt fixing to stop the franc from rising beyond its ceiling of DM 43.415 per 100.

The amount sold was less than Tuesday at FFr 2m against FFr 31m, but heavier intervention was thought to have taken place outside the fixing session.

The D-Mark also moved close to its lowest permitted level in the EMS against the guilder.

The Belgian franc, which has been almost continuously under pressure in the system since it started operation 19 months ago, was weak. The Belgian National Bank had to intervene to prevent its currency from dropping through its floor against the French franc.

David Lascelles writes from New York: With less than a week to go before the elections, U.S. banks yesterday raised their prime rates another half a percentage point to 14½ per cent, adding to the mounting gloom about the credit outlook and risking new attacks from the White House.

The move had been widely predicted following the surge in U.S. interest rates over the past week or so. But some analysts had expected the banks to delay until the end of this week, or even beyond next Tuesday's election to avoid adding to the

Continued on Back Page
Strain on EMS, Page 2; Lex, Back Page

£ in New York

—	Oct.29	previous
Spot	$2.4360-4370	$2.4365-4575
1 month	0.47-0.41 dis	0.53-0.48 dis
3 months	0.93-0.86 dis	1.30-1.25 dis
12 months	1.45-1.25 dis	1.90-1.70 dis

Carter turns campaign to West Coast

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT Carter and Mr. Ronald Reagan yesterday fanned out across the country for a hectic last six days of campaigning for the presidency, both claiming satisfaction with the outcome of the television debate.

In Pittsburgh, Mr. Carter said it had been "a very good" debate in which "it's hard to say who won or lost." While in Cleveland, Mr. Reagan said: "I can't seem to find any wounds."

Continuing his aggressive approach, Mr. Carter has added a last-minute campaign swing to the West Coast, Mr. Reagan's natural territory. The President is apparently encouraged by recent polls suggesting that California, Oregon and Washington state, which once firmly favoured the Republican challenger, are now marginal.

Predictably, advisers to both candidates argued that their respective goals had been achieved in the debate. Mr. Carter made a strong and effective pitch for Democratic Party unity, while Mr. Reagan may have allayed fears that he is reckless and ill-informed or intent on leading the country into bellicose adventures.

Neither candidate made a glaring error in the confrontation, although President Carter was expected to make much of Mr. Reagan's statement that, when he was young, the U.S. did not know it had a racial problem.

The President quickly responded that those discriminated against were certainly aware of it. Ethnic minorities form an important, if disenchanted, element in the democratic party, especially in the big Northern states and California and Texas, and the President's chances next Tuesday will be better if he can persuade them to come out and vote.

Independent observers in the media were also inclined to call the contest a draw. The only contrary evidence was provided by a phone-in poll conducted by ABC News, which became an instant subject for controversy yesterday.

The survey found that those calling in from around the country favoured Mr. Reagan by a margin of two-to-one. The survey was criticised because the debate concluded late in the evening on the East Coast but much earlier in the Western parts, where Mr. Reagan is strongest and where his supporters were more likely to pick up their telephones and express an opinion.

The Independent candidate, Mr. John Anderson, was also annoyed about the events of Tuesday night. Although he was excluded from the debate, one of the newer television networks, Cable News, had rigged up a system whereby Mr. Anderson was able to insert his comments into the Carter-Reagan exchanges. These were then beamed out to cable television subscribers, but technical problems limited transmission.

Mr. Anderson's advisers were also complaining of foul play because the NBC network mislaid a five-minute advertisement due to be aired immediately before Mr. Carter and Mr. Reagan began debating.

It was estimated that more than 100m Americans watched the debate. This is almost certainly more than will actually vote for the candidates in Tuesday's election.

Although devoid, for the most part, of real fireworks, the debate conveyed the distinct philosophical differences dividing the two contenders and gave a solid foretaste of the nature of the last week of the campaign, which, every available evidence suggests, hangs in the balance.

The sharpest clashes were over defence policy and the sort of strategic arms limitation agreements that the U.S. should entertain with the Soviet Union.

Mr. Carter repeatedly accused Mr. Reagan of abandoning the arms control policies of successive American governments, Republican as well as Democratic, while Mr. Reagan, trying to appear as calm as possible, contended that the SALT treaty now awaiting ratification by the U.S. Senate was seriously flawed and that the President had been complaisant in allowing the U.S. to become militarily inferior.

But, the conceivable release on the American hostages in Iran apart, the election is most likely to be determined on domestic issues. On these points, the prevalent view was that Mr. Reagan had not fully developed his case that Mr. Carter has much to answer for on mismanagement of the economy, while Mr. Carter had enjoyed some success in demonstrating his opponent's reservations about social programmes.

On the other hand, and particularly in his closing remarks, Mr. Reagan had once again returned to the theme that the Government is the cause of many of the inflationary ills afflicting the U.S.—which is a popular complaint this year.

TV debate aftermath, Page 23

EUROPEAN NEWS

Pressure on D-mark puts strain on EMS

BY DAVID MARSH

THE EUROPEAN Monetary System, the EEC's semi-fixed exchange rate mechanism, yesterday suffered one of its most strained days since the scheme came into operation in March last year.

Autumn is the traditional time for tension on European currency markets as international bot money flows increase after the summer break.

But this year the pattern bas been startlingly novel, and to a large extent unexpected. The Deutsche Mark, in the past so often a candidate for revaluation, for once is under heavy selling pressure, and is being propped up at the foot of tbe EMS by Bundesbank intervention.

West Germany is in the paradoxical position thia year of running both the lowest inflation rate io tbe EEC and the largest current account deficit in the world. Because of its relativa price stability and the Bundesbank's comfortably large reserves, nobody is expecting a formal D-Mark devaluation.

European central bankers — who say that the volume of Intervention lately haa been small compared with past bouts of unrest — are adopting an attitude of studious unconcern.

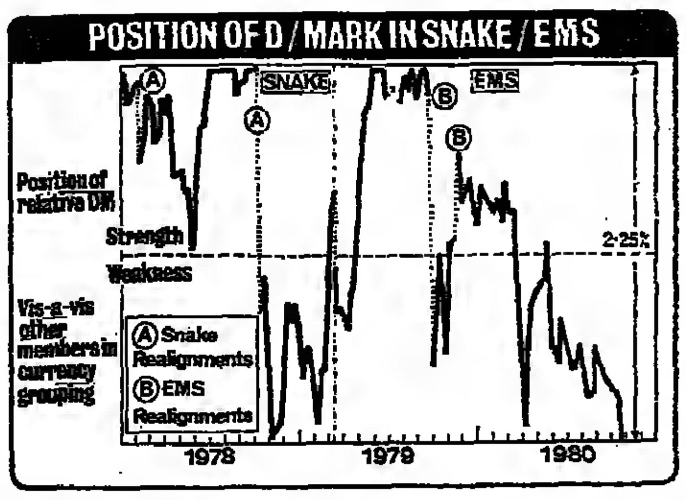
But there is no doubt that the D-Mark's decline, however temporary it may turn out to be, bas brought home to the German authorities a painful lesson that they have never before had to learn—that a falling currency can bring even more complications for domestic monetary policy than a rising one.

Yesterday the D-Mark was forced for tha second day running to its lowest permitted level in the EMS, against the French franc, which has consistently been tha scheme's strongest member in recent months. The German currency was also very weak against the Dutch guilder.

Both the Bundesbank and the Banque de France lately have had to buy up D-Marks and sell Freoch fraocs to prevent the currencies breaching their limits. The Dutch Central Bank is believed to bava been supporting the Mark. The Belgium National Bank has also had to weigh In on behalf of the most perennially-weak Belgian franc.

Both the Bundesbank and the New York Federal Reserve Bank bave also been intervening fairly actively lately to brake the strength of thye dollar — which baa soared to DM 1.89 from DM 1.80 in less than three weeks.

Market estimates suggest that recent intervention by the Bundesbank and tbe New York Fed to control the Mark'a fall could total $2bn to $3bo. This intervention, together with the D-Mark support by EMS central banks, has put considerable strain on the Bundesbank's foreign exchange reserves.



Bondesbank figures released yesterday sbow that net official reserves of gold and foreign exchange fell a further DM1.6bo to DM 73.9bn in the third week of October—making an overall drop of nearly DM 19bn or 20 per cent aince the start of the year.

Germany faces a current deficit officially forecast at DM 20bn next year following a shortfall this year of up to DM 30bn. How to finaoce the deficil without producing another similar drop in reserves is a major worry for Bundesbank officials. Ooe of the reasons for the Deutsch Mark'a weakness is that the foreign exchange market still does not know how it will be dooe.

Slewart Fleming adds from Frankfurt: The growing realisation that the external problems of tbe Mark are baving a profound influence on domestic mooetary policy is already appareol io the domestic German fioancial markets. Interest rate expectations have changed significantly with long-term rates climing agaio to arouod 9 per cent partly securities traders suggest under the influence of sales by foreign holders.

A major factor behind the weakness of the Mark against tbe dollar has beeo rising U.S. interest rates. The firming of U.S. ratas in recent weeks sparked a further increase in the prime rate yesterday, which, with expectations of further rate increases still circulating, could add to the Bundesbank's problems.

Lahnstein lays blame on 'super-interest rates' abroad

BY JONATHAN CARR IN BONN

THE West German Government and the commercial banks have joined the Bundesbank in arguing against action to devalue the Deutsche Mark, at present one of the weakest currencies in the European monetary system.

Herr Manfred Lahnstein, State Secretary at Finance Ministry, yesterday described the present aituation on the currency markets as "a theatre of the absurd."

He said the weakness of the mark, the Swiss franc and the Austrian scbilling had little connection with basic economic realities. It had mucb more to do with the "super-interest rates" in countries with higher inflatioo rates.

In time those realities would impress the markets, Herr Lahnsteio said." That will produce, perhaps qulte soon, a markedly higher valuation of the currencles of the more price-stable countries like the Federal Republic.

A similar argument was used at a news confereoce yesterday by bte Association of German Banks, whose president, Herr Marald Kuehnen, bluntly described the Deutsche Mark as "undervalued."

He stressed that, from a purely domestic viewpoint, with the West eGrmany economy in a downturn, it would be desirable for the Bundesbank to drop Its key interest rates. But ao long as It was unclear when rates would fall in the U.S. and elsewhere, unilateral action would weaken the Mark and increase risk of importing inflation.

At present the marekts are affected by tbe large West German current account deficit, Herr Knebnen noted. But the difference between West Germany's inflation rate and that of other ocuntries had, if anything, grown recently aod this would make its Impact on the Deutscbe Mark in dne course.

The Mark bas been falling In nominal terms against virtually all major currencies sioce the start of this year. But the discussion of a devaluation has been inflamed this week by the autumn report of West Germany's five leading economics institutes.

They suggested that the Bundesbank bas been coocentrating too much on foreign aspects of its overall policy, and too little on the danger of a more severe domestic ecooomic downturn. They propose that the Bank cut its key rates, slightly increase money supply and he prepared to put up with a devaluation for a wbile.

The insitutes agree that the Mark will strengtheo again next year

Frustrated TV crews await the hostages

By Kevin Done in Frankfurt

"THE HOSTAGES story overwhelms the election. People in the U.S. are bored with the campaign. I would be surprised if more than half of them turn out to vote. But the whole population is canght up with the hostage story."

The assessment comes from William Milldyke, the manager of overseas news coverage for ABC, one of the three big U.S. television news oetworks. It explains why the U.S. television companies have again descended In force on Frankfurt this week, setting np camp in the top threa floors of the main airport hotel for the third time this year.

One producer estimates that $1m bas been spent since Jannary by the three networks getting ready for the big day when Tehran releases the 52 Americans seized last November 4. ABC, CBS and NBC can seldom bave poured so many resources into a story without knowing for certain where it was going to happen or whether it was going to take place at all.

Staging point

Al lalone Frankfurt bas led tha betting. Its U.S. military airbase and the nearby U.S. military hospital at Wiesbaden bave made it an obvious first staging point for the hostages between Tebran and Washington. History, too, is on its side. The small number of hostages already released all returned to the U.S. via Frankfurt.

The top floors of the Sberaton Hotel at the airport bave already taken on the bizarre appearance of a television news room. More than 50 bedrooms are now littered with the debris of television's Invasion.

Some television executives have already spent 125 days in residence. "At least it's better than Iraq," says one long-stay victim, "It's warm, there'a food and nobody sboots at me."

Some contingency planning is going on for other potential reception points around the globe — Algiers, Zurich and Geneva all bave camera crews at the ready — but the main effort is being made at Frankfurt. Twice this year the television crews bave packed their bags and left in frustration when the news from Tehran took a turn for the worse. But each time they and held on to their botel left their equipment behind bookings.

THE U.S. military authorities are not exactly forthcoming about their own preparations, but they, too, are clearly betting on Frankfurt.

Hot competition

An extra 30 telephone circuits bave been installad at the U.S. military hospital at Wiesbaden; a floor of the military hotel at the base appears to have been cleared, perhaps in readiness to receive the bostages' families; a social club has been identified as a temporary Press conference centre—and perhaps as the venue for President Carter'a first news conference with the hostages.

All this presupposea they are actually released, hut the TV companies can take no risks. Competition between the networks is too bot for that. The cameraa are ready roll, the satellite pathways for direct pictures to the U.S. have been cleared. All they need now are the actors.

Meanwhile, they can only plan further refinements, such as hiring a helicopter to film the hostages' bus from airport to bospital and working out who will sbare bire charges totalling $194.00 a s econd.

De Larosiere says IMF will borrow up to £3.7bn next year

BY OUR BONN CORRESPONDENT

THE INTERNATIONAL Monetary Fund plans to borrow some SDR 6bn-7bn (£3.2bn-£3.7bn) next year and further sums in 1982 and 1983 to re-lend to member countries with balance of payments difficulties.

The fund is also to examine how it can diversify its sources of finance and whether it can bororw at a somewhat shorter range of maturities than It has normally done in the past.

These points were made in an address here last night by M. Jacques de Larosiere, the IMF Managing Director, on tbe problem of "recycling needs and the capital markets."

M. de Larosiere stressed that the commercial banks should continue to play a decisive role in the recycling process and that the IMF had no desire to supplant them.

None the less, the Fund did need to increase substantially its resources and the scheduled increase in its quotas by 50 per cent wonld only give limited and temporary help.

Hence the aim to borrow the SDR 6-7bn and re-lend to members nrepared to fulfil the fairly stiff economic conditions outlined by tha Fund. "This reflects our belief that members must respond with appropriate policies to the present situation. Financing and adjustment must go band in band."

Mr. de Larosiere stressed that the commercial banks had shown their efficiency in the recycling process over the last few years.

But he also noted that in some cases bank financing had flown in large and increasing amounts to countries whose capacity to manage debt on commercial terms was limited.

The upshot had been that the extra financing went mainly to give support to consumption at levels which conld not be sustained. When the dangers became clear, the banks sometimes tried to cut back rapidly their exposure in those countries, — and this exacerbated the balance of payments problems there, M. de Larosiere said.

The IMF managing director noted that the combined current account deficit of the non-oil developing countries was now smaller in relation to their income than it had been after the first oil crisis of the 1970s. To that extent the situation was easier to manage than it had bean.

However, the deficit of these countries had reached its peak fairly soon after the first round of oil price increases, and had then fallen quite quickly. But this was unlikely to happen this time.

Switzerland expected to drop fiduciary tax plan

BY JOHN WICKS IN ZURICH

SWITZERLAND is now unlikely to introduce the proposed 5 per cent withholding tax on the interest from fiduciary accounts. A commission of the States Council, Switzerland's Senate, bas Indicated Its opposition to the measure on both fiscal and constitutional grounds.

Althongb no decision was taken on the tax by the commission, a "consultative vote" showed a majority against It. However, the commission will continue its discussions before making a final decision next January.

It will now look at the possibilities of two alternatives, both affecting Swiss residents only. One would subject Interest from fiduciary acconnts to a 35 per cent withholding tax. The other would apply a similar tax to bolders of Swiss franc bonds.

The Federal Conncil has already indlcated that the actual fiscal income from a withholding tax on domestic bolders of fiduciary accounts would he small, as the vast majority of taxpayers involved would apply for subsequent restitution.

At the same time, the national bank is known to oppose introduction of a domestri withholding tax on foreign honds, about balf of which are assumed to he in Swlss hands.

Oslo delays hydro scheme

BY FAY GJESTER IN OSLO

THE NORWEGIAN Government yesterday beat a temporary retreat in its long-standing battle with environmentalists and Lapps seeking to prevent a controversial hydro-electric power project in the north of the country.

Mr. Arvid Johanson, tbe Energy Minister, told Parliament that work on the Alta River sbceme would not begin until judgment had been banded down in a court case relating to the project. Landownars and Lapps with reindeer-grazing rights in the idstrict are contestin gthe state's right to appropriate the land needed. The hearings are expetced to last well into December.

Ten days ago, the Government transferred 35 paramilitary vehicles to northern Norway, via Sweden and Finland, to help quell anticipated trouble when development work begins at Alta. An attempt to start the project last year was stopped by demonstrators. The pollce are determined to win the next confrontation, if and wben it occurs.

New man in Lisbon race

BY DIANA SMITH IN LISBON

THE PORTUGUESE Communist Party has announced tbat the leadar of its Parliamentary group, Sr. Carlos Brito, will be the party's candidate in the December 7 presidential elections.

Sr. Brito becomes the 11th hopeful in a field led by Gen. Antonio Ramalho Eanes, the Presidential incumbeot, and Gen. Antonio Soares Carneiro, the candidate of the ruling Centre-Right Democratic Alliance (AD). The AD is resolved to oust Gen. Eanes, whom it accuses of leftward leanlngs and of obstructing legislation.

If there is no clear result in the December 7 first round, a second round will be held on December 21. If this occurs, it seems likely the Communists with withdraw their own candidate, leaving their supporters "free"

There is still a dark horse in the field: Sr. Mario Soares, who temporarily suspended himself as secretary-general of the Portuguese Socialist Party when the Socialist National Committee insisted on maintaining its support for the President.

Madrid disputes Catalan powers

BY ROBERT GRAHAM IN MADRID

A DISPUTE has blown up between the central Government in Madrid and the Catalan government over the devolution of important financial powers. The dispute centres on legislation already passed by the Generalitat, the Catalan government, coocerning the powers of savings banks.

Legislation giving a major degree of autonomous control over the powerful savings banks was approved by the Generalitat on August 25. Since then Madrid has been fighting to reverse the legislation where it believes this impinges on the central Government.

The close links between the ruling Unioo de Centro Democratico (UCD) of Sr. Adolfo Suarez, the Prime Miniater, and the Conservative Catalan Nationalist Party, headed by Sr Jordi Pujol, had kept the dispute hehind cloaed doors. Sr. Suarez needs Sr. Pujol's support in parliament.

However, the differences became public on Tuesday wben in the parliamentary bndgatary commission the Catalan Nationalists voted against the Government, almost forcing its defeat.

The August decree transferred to the Generalitat wide powers from the Ministry of Economy, with little prior discussion. While conceding continued Bank of Spaio regulatory control, the Generalitat was given authority over not only purely Catalan savings banks hut also over other Spanish savings banks operating in Catalonia.

The savings banks, responsible for 30 per cent of the banking system's deposits, are regionally based. Catalonia bas tbe largest and most powerful institution, the Caixa, which also has a small stake in the main Catalan banking group, the Banca Catalana, started by Sr. Pujol.

The decree adapted a system whereby savings banks are nbilged to allocate a high proportion (60 per cent) of their resources to officially direcied investmeot. Before, the official direction came from the monetary authorities in Madrid. Now, the decree enables such direction to come from the Generalitat.

The net effect of this conld result, according to finance officials In Madrid, in the Generalitat preventing Catalan savings banks from subscribing lo "national" hond issues and loans.

Until the decree Catalan savings banks, along with all others, were obliged to subscribe to new bond issues by public utilities in proportion to their deposit hases. Since the Catalan savings banks attract the largest proportion of deposits among savings banks In general, the decree could have very substantial consequences.

The question is whether the savings banks, non-profit-making semi-public organisations, should behave in a purely regional context. The Catalans feel their savings are being used to finance wasteful national investments and could be more profitably invested in Catalonia. Madrid believes richer areas must share their resources, not use them exclusively.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

EUROPEAN NEWS

Christopher Bobinski in Warsaw reports on a search for co-existence

Polish unions fight for independence

RELATIONS BETWEEN the Polish authorities and Solidarity, Poland's largest independent union, have reached a critical point. The next few days will determine whether a *modus vidensi* can be reached between the Communist leadership and the new unions.

The crisis was triggered last Friday, when the Warsaw district court inserted into the union's statute a clause saying the union "recognises the leading role of the party in the state."

This has fuelled the suspicions that the authorities do not intend to respect the union's independence.

Although the court registered the union, giving the formal signal that the authorities recognised its right to exist, the struggle against the court's action has turned into a fight for the union's independence.

The causes of discontent go the authorities with obstructing organising activities. They fear infiltration by party members. Access to the media is scant and on the authorities' terms. Demands for a union newspaper and radio and television time have been put off until "after registration."

But wages are potentially the most explosive issue. The original agreement signed in August at the end of the Gadansk strike, said the workers were to get a rise amounting to an increase of one grade of the existing pay scale.

This rise will put the 1981 wage bill up by around 10 per cent. But it is causing discontent, because the authorities are trying to give wage increases without consulting Solidarity and often in conjunction with the old official unions.

Another issue is that the authorities' pay scheme widens pay differentials. Those who earned more before will get even more now, which has offended the workers' deep-rooted feeling for equality.

Lastly, shop floor aspirations now aim for even higher increases than those agreed in August.

Against this background, the union's national committee met for two days in Gdansk to discuss registration. The heated debate in this body, set up as a co-ordinating group but functioning more and more as a leadership, reveal that Solidarity, like any other organisation, is divided between moderates and hardliners.

The national committee comprises one delegate from each regional union. At the latest count, it had 48 members, who generally travel to Gdansk once a week. On Monday and Tuesday, they met along with the Gdansk praesidium, the group who directed the summer strike and who are seen as the union's founders.

The Gdansk praesidium argued that the only language the authorities understood was force. Any sign of weakness was immediately seized on and used as an excuse.

The union, they argued, should demand that Mr. Jozef Pinkowski, the Prime Minister, should come to Gdansk and discuss the union's grievances. If the talks failed, a general strike should be declared.

The national committee was less convinced. They came to Gdansk on Monday ready to appeal against the court decision, to the High Court, and only then to take strike action. The union registration should be fully exploited, they argued, and the union should take the chance provided by registration to strengthen its own organisation.

Mr. Walesa: "When I was simply a worker I knew what to think."

Two days of discussion, talks between Mr. Lech Walesa, the Solidarity chairman and Mr. Mieczyslaw Jagielski, the Deputy Prime Minister, on what kind of Government contacts could be arranged produced a decision to go to see Mr. Pinkowski, the Prime Minister, tomorrow morning.

The union hardliners managed, however, to convince the committee that talks were pointless unless a serious strike threat was made. Thence arose the decision to declare a strike alert for November 12 when selected plants could go on strike if tomorrow's talks proved unsatisfactory. Mr. Walesa, the hero of the summer is torn between his moderate convictions and his loyalty to his hardline Gdansk colleagues. At one point he admitted: "I keep on changing my mind; when I was simply a worker, I knew what to think."

The Gdansk meeting showed to the authorities how close they have come to a confrontation with the union. Each time they fail to keep a promise, or show they are unwilling to work with the union, the militants gain ground.

The union is going to Warsaw tomorrow with demands that the registration decision be reversed, that the union be given the right to publish a daily newspaper and access to radio and television "immediately." Talks are to cover problems in the shops and wages. The union also wants the authorities to agree to a private farmers' union.

Most of these demands arise from the agreements signed at the end of the strikes. If they have not been settled by now, significant forces inside the party must be blocking them. The disapproving noises from Poland's neighbours and Socialist allies could well be holding up implementation.

In any case tomorrow's talks must go a long way to satisfying the union's demands if confrontation is to be avoided. No doubt today the party leadership will discuss its options. If Solidarity is to be appeased, then the party hardliners will be forced to take a back seat for the time being.

'Hands-off' policy by UK and Hungary

By Anthony Robinson in Budapest

BRITAIN AND Hungary share the view that Poland's destiny is a matter for Poles alone to decide, Lord Carrington, the British Foreign Secretary, told a news conference here yesterday before flying to Warsaw at the end of a three-day visit here.

East-West relations and the prospects for the forthcoming European security review conference in Madrid dominated his talks with Mr. Frigyes Puja, Hungary's Foreign Minister, and the final, hour-long meeting with Mr. Janos Kadar, the Communist party leader.

The latest East German measures restricting travel between Poland and East Germany were not discussed. But Lord Carrington, answering a journalist's question, commented that such measures "were hardly calculated to improve the atmosphere."

During his talks, the British Minister emphasised the view that "detente was indivisible," repeated Britain's proposal for a "neutral, non-aligned and independent Afghanistan" and insisted that detente and East-West relations generally "must be based on mutual trust."

He also made clear that Britain and other Western countries "were not prepared to sweep what has gone wrong under the carpet." They were looking for a substantive discussion on implementation of the Helsinki agreements during the Madrid meeting before passing on to other issues.

He restated British backing for French proposals on confidence-building measures in the military sphere. A climate of trust had to be established, however, before the West could seriously consider Warsaw Pact proposals for a general disarmament conference.

Lord Carrington noted that bilateral relations were generally good. Prospects for improved trade and joint venture co-operation were discussed

British exports to Hungary exceeded imports by £14m during the first half of 1980 and Hungary is anxious both to improve its trade balance as well as raise the overall volume of trade with Britain.

E. Germany links border curbs to 'stability'

BY LESLIE COLITT IN BERLIN

EAST GERMANY has told its citizens that today's virtual closing, for private visits, of the Oder-Neisse border with Poland will not be reversed until there is "progress towar dthe stabilisatlop of the situallon in Poland."

With the approval of the Polish authorities, East Germany is making trips by its nationals to Poland dependent on an "invitation from a host" there. This must be approved by the East German police and presented at the border.

This elaborate procedure, which will also apply to Poles wanting to enter East Germany, is expected to reduce the number of border crossings to a trickle. Last year, 9m visits were made across the frontier by East Germans and Poles under the visa-free travel arrangements begun in 1972.

An official commentary published in all East German newspapers yesterday, said the basis for the 1972 regulation had changed. Poland's Communists and all "genuine Polish patriots" could depend on East Germany's "unqualified support" in solving Poland's "complicated problems and in strengthening Socialism."

East Germany has accused the new independent Polish trade unions of being counter-revolutionary and anti-Socialist. At Communist Party meetings in East Germany, Mr. Lech Walesa, the leader of Poland's largest free trade union, is being called an agent of the CIA.

Mr. Walesa, in telephone interviews with several West Berlin newspapers, said he was dismayed by the latest border measures. He would bring them up at his meeting tomorrow with Mr. Jozef Pinkowski, Poland's Prime Minister.

Neues Deutschland, East Germany's main Communist newspaper, has reprinted an editorial from the Polish army newspaper which takes a tough line against the new unions. The newspaper quotes Josef Stalin, the former Soviet dictator, as saying at the Yalta conference in 1945, that the "Polish question" is above all a question of the "security of the Soviet state."

● Mr. Peter Blaker, Minister of State at the British Foreign Office, is to hold two days of talks in East Berlin next week, with Herr Oskar Fischer, East Germany's Foreign Minister. He will be the most senior Foreign Office official ever to visit East Germany.

OVERSEAS NEWS

Prem fails to move Peking in talks on Kampuchea

BY TONY WALKER IN PEKING

TALKS IN Peking this week on Kampuchea, between Chinese leaders and Gen. Prem Tinsulanonda, the Thai Prime Minister, made little headway.

The Chinese showed little enthusiasm for the Association of South East Asian Nations' proposal for a peace settlement.

They have made it clear they see little chance of a quick end to the war.

Premier Zhao Ziyang told Mr. Andrias Van Agt, the visiting Dutch Prime Minister, "resistance forces" in Afghanistan and Kampuchea are standing at the forefront of the struggle against Soviet expansionism

Also in town this week was Ieng Sary, Khmer Rouge Foreign Minister, who visited briefly to be told, no doubt, that despite the erosion in international support for the Pol Pot forces, China would remain steadfast in its backing.

The Chinese say that while Pol Pot made "serious mistakes," there is no alternative if the invading Vietnamese are to be prevented from taking over completely.

In its public statements this week on Kampuchea, the Chinese leadership appears to have hardened its position.

Before the recent UN vote on the continued seating of the Khmer Rouge, China was suggesting it would consider a partial Vietnamese withdrawal from Kampuchea as a satisfactory pre-requisite for peace negotiations. Now, all references to a partial withdrawal have been dropped.

Mr. Zhao said that once Vietnam pulls out "all" its troops from Kampuchea, China would be ready to help work out a negotiated settlement.

ASEAN, on the other hand, wants to get peace talks under way as quickly as possible, preferably in the early part of next year. A positive show of Hanoi would be enough to bring ASEAN to the conference table.

Taking a lesson from Poland

BY COLINA MACDOUGALL

paper, the Workers' Daily, has called for independence for trade unions, though it concedes they must accept party leadership.

Trade unions should take initiatives and work independently, to play their role as the "assistant of the party and important representative of the masses," the paper declared.

Recent Press reports from Peking quote Vice-Premier Ji Pengfei as saying that "events in Poland have been an important lesson for us."

They showed China is right to separate the functions of party and administration, as it is doing at present, he said, since when they are mixed, the people blame all shortcomings on the party.

But Chinese leaders were evasive when pressed on how far Polish reforms should go, the report said.

In recent weeks Xinhua, the official Chinese news agency, has reported regularly but without comment on the situation in Poland and Hungary. Peking has already defused its own price-rise issue, similar to the one which sparked the Polish troubles, by giving major wage increases.

The Workers' Daily call accords with Peking's present guideline of relegating the party to a policy-making role. The trades union movement is under reconstruction after years of paralysis stemming from the Cultural Revolution.

The Chinese reading of the East European events supports Peking's view that splitting up party and administrative functions will cure the present widespread disillusionment in China with official policies.

Chinese officials admit privately that they do not yet know how this separation will work. But they recognise that talent and initiative outside the party must be mobilised if China is to modernise.

India Plan 'needs foreign loans'

BY K. K. SHARMA IN NEW DELHI

ABOUT 7 per cent of the resources for India's £50bn sixth Five-Year Plan for the period 1980-85 will come from foreign aid and commercial borrowings abroad, according to Mr. R. Venkataraman, the Finance Minister.

At a meeting with foreign correspondents, Mr. Venkataraman said the bulk of the aid would come from the World Bank and its soft-loan affiliate, the International Development Agency. Commercial borrowings would be made as the need arose and at present a $680m (£283m) loan was being negotiated with a consortium of European and American banks to finance an Aluminium project in Orissa State.

This would inevitably increase India's foreign indebtedness, the servicing of which at present accounted for 13 per cent of total annual exports.

Mr. Venkataraman said that India's reserves were at present standing at about Rs 52bn (£2.7bn) mainly because of International Monetary Fund loans of Rs 8.2bn recently.

Mr. Venkataraman clarified that the concessions announced in India's foreign investment policy on Tuesday to attract petrodollars would not apply to Western countries and were meant only for oil-producing developing countries which had investible surpluses.

Western companies would still be covered by the policy that their investments must be accompanied by the inflow of new technology or be confined to areas involving manufacture for exports or of high technology items.

OVERSEAS NEWS

How Israel is gaining from the Iran-Iraq war

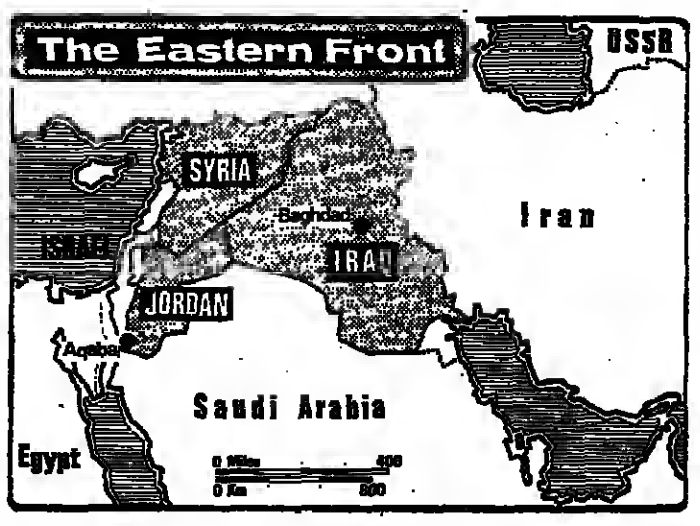
BY DAVID LENNON IN TEL AVIV

WHEN King Hussein of Jordan openly declared his support for Iraq in the Gulf war, he added that the attaek on Khuzestan was a first step on the road to the liberation of Palesline. This led to considerahle merriment in Israel, where cartoonists had a field day showing Arah troops rushing to liberate Palestine hy attacking in the opposite direction.

The fact that the Iraqi army was busy fighting the Iranians was welcomed in Israel as ensuring that the men in Baghdad would be too busy for the time being to hother about "the Zionist enemy." It was especially welcome because, on paper, Iraq had the strongest force of any of tha countries which comprise what Israel refers to as the "Eastern Front."

The one nagging fear at the back of Israeli minds was that Iraq might win a rapid and crushing victory over Iran which would make it more ebullient than ever. The last thing Israel needed was an Iraqi army flushed with success turning its attention towards the enemy io the west.

As it has turned out, this fear was entirely unwarranted. The Iraqi forces have made very heavy weather of fairly limited war aims. Their military command bas proved totally unskilled in handling large units, and the leval of co-ordination between the various arms of the armed forces has proved very low.



efore the ulf war, IsraGel regarded Iraq as a major threat. It was frequently declared in public thrat if Iraq fully supported Syria and Jordan in a war against Israel, this would to a large extent offset the military advantage Israel bad gained when Egypt left the ranks of enemy forces on its borders.

The ink bad barely dried on the Egypt-Israel peace treaty when Israel's citizens were being warned about the growing threat from the rejectionist states to the east and north. This was designated the "Eastern Front," and statistics ware trotted out to show the massive array of equipment which this "front" could muster for battle, including 5,000 tanks and close to 900 fighter aircraft.

Although plausible maps could also be drawn showing Israel's vulnerability on its lengthy eastern and northern borders, the fact was that the "front" evisted only in theory. Israel does face a collection of hostile states, but they were, and are, rent by disagreements which among other things have blocked the development of real co-ordination between their armies.

Today, with King Hussein backing Iraq, and President Hafez al-Assad of Syria openly siding with Iran, the possibility of co-operation and proper military planning for a concerted attack on Israel is even more remote. In the shifting sands of Middle East politics,t his does not mean the parties cannot be reconciled, but it does mean the process will take a little longer.

This is probably the first benefit Israel has derived from the Gulf war. It bas been granted a postponement of the threat of the Eastern Front becoming a reality. Israel is supremely confident that it can easily defeat any unco-ordinated attack by one or more of its enemies from the east, and it believes Syria and the others are well aware of this.

The second benefit derived from the Gulf war is the discovery that the Iraqi army, although large, turned out to be very poor. Even if a real Eastern Froni was created, Iraq's impact would be mnch less than originally thought.

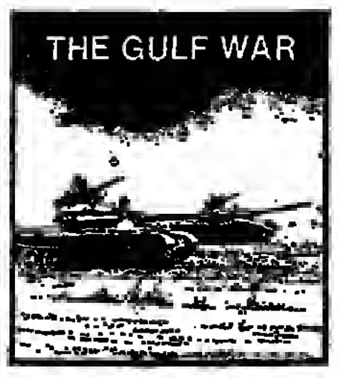
These twn lessons from the war actually bave oegative aspects for the Israeli military. Some politicians are already beginning to suggest it is possible to rednce the size of the Israeli military machine. With Egypt clearly keeping its end of the peace treaty bargain, and tha Eastern Fronl shown to be much less of a threat than thought, they say Israel should ba able to divert some resonrces from the military arena to the civilian.

The generals naturally object. They are busy arguing that although the Iraqi army is less of a threat than believed, it is none the less large, and will benefit and learn from the battlefield experience. The armed forces are also at pains to point out that when the Gulf war ends both sides will rush to re-arm with more modern weapons, thus improving their capability.

The armed forces also argue that while the war is clearly benefiting Israel in the short-term, both Iraq and Jordan will want to show afterwards that they have not abandoned the Palestinians and the war against the Zionists. This will make them more aggressive towards Israel and, in Jordan's case, even lesa capable of concession in any peace negotiatinns.

It is also felt that the development of the Aqaba-Baghdad supply route will give the two countries experience whicb could be exploited to route traffic the other way during a war, with Iraq sending supplies into Jordan. Indeed, some Israeli military analysts bave argued that Israel made a serious mistake by not vetoing this development, even if the new route carries mainly civilian supplies for Iraq.

Israel has also been bnsy making diplomatic capital out of the war by pointing out that it is an inter-Moslem war which is affecting Western oil supplies. This, the Israeli argument goes, proves it is folly for Western nations to think they can ensure Arab oil supplies by forcing Israel to make concessions over the Palestinians.



One question about the Gulf war which has not yet surfaced publicly in Israel, but which should be worrying political leaders, concerns the performance of Israeli intelligence. After the 1973 war, many of Israel's early troubles were blamed on the intelligence services for failing to interpret and analyse the developments which led np to the surprise Egyptian and Syrian attack.

At the outbreak of the Gnlf war, Israel appeared to bave beeo as surprised as more distant and possibly less concerned nations. Because of this, it had no clearly defined attitude towards the fighting, and no policy on how to exploit it oor even on how to react to Iraqi military aircraft being stationed in Jordan.

The clear lesson for Israel is that it may have been mistaken in believing that the intelligence sbortcomings which enabled the Arab states to launch a surprise attack in 1973 had indeed been fully corrected. For a country which claims its very existence is on the line, Israel can draw little comfort from the fact that Western intelligence services fared no better.

Iraq and Jordan 'set up top-level Joint Military Command'

BY IHSAN HIJAZI IN BEIRUT

IRAQ and Jordan have quietly set up a Joint Military Command to handle their co-operation during the Gulf War, according to Arab diplomats here.

The command is headed by King Hussein of Jordan and President Saddam Hussein of Iraq, who are Supreme Commanders of their respective armed forces. It also includes Lt.-Gen. Zayd Bio Shaker, Commaoder-in-Chief of the Jordanian Armed Forces, and Maj.-Gen. Adnan Khairallab, the Iraqi Defence Minister, the diplomats said.

The decision to form the command was said to have heen adopted during a briaf visit to Baghdad on Monday by the Jordanian monarch. The diplomats said that for reasons of security, there would be no formal announcement.

The diplomats added the Command will also control military co-operatioo should Jordan become involved in an armed conflict with Israel.

King Hussein's repeated support for Iraq in the Gulf war has prompted sharp warnings from the Israelis.

The diplomats said that the Command in effect revives the old "Eastern Front," which linked Iraq and Jordan until 1970, when 15,000 Iraqi troops were withdrawn from Jordan in the wake of clashes between Jordanian lroops and Palestiniao guerrillas. The Iraqis had been sent to Jordan at the outbreak of the Six Day War in 1967.

Should Iraq ask for military aid in the war with Iran, the Command could then be activated, with Jordan providing more direct aid to Iraq than at present.

So far, Iraq has made no sucb request and no Jordanian troops are involved in the war. Nor has there been any confirmation of speculation that Jordan has placed its forces at Iraq's disposal. Reports to this effect were emphatically denied by Mr. Adnan abu Audeh, the Jordanian Information Minister.

Majlis holds talks today on hostages' release

BY OUR FOREIGN STAFF

IRAN'S MAJLIS (Parliament) will hold a' public session today tn discuss the release of the 52 U.S. hostages, bnt it is unclear what demands will be put to the U.S. Government.

"The condition of the Shah's wealth remains," said one Deputy. "We are debating the apology" (wbicb Iran demands sbould be made by the U.S.).

The Ayatellah Khomeini, Iran's revolutionary leader, has already laid down four conditions for the hostages' release: Return of the Shah's fortune, a pledge of non-interference in Iran's affairs, the dropping of lawsuits against Iran, and the unfreezing of Iranian assets in U.S. banks.

Some the Deputies in the Parliament are still demanding that a number of the hostages sbould be placed on trial as spies, while others want to postpone their release until after the war with Iraq is concluded.

In another development, a prominent member of the régime was quoted as saying yesterday that the hostages shonld be traded for American military spare parts.

Ayatellah Sadeq Khalkhali, the bead of the Islamic courts, told a correspondent of Beirut'a daily As-Safir: "Carter is trying to return to the American Presidency. Therefore, he is ready to give us all the spare parts we need for the war (with Iraq), provided the case of the bostages is resolved. We agree to this because it is in our interest."

On the battlefront, the Iraqis appear to he closing in on the refinery city of Ahadan, but say that fighting tapered off yesterday with only 15 Iranians and eight Iraqis killed.

They also claim to have shet down one Iranian jet fighter. The Iranians made more extensive claims, saying that their forces have killed 330 Iraquis in the last 24 hours.

Phalangists push rivals from East Beirut HQ

BEIRUT — Militiamen of the Pbalange Party, Lebanon's largest Rightist gronping, dislodged their arcb-rivals from the East Beirut neighbourbood of Ein Rummaneh yesterday, after four days of street battles, police reportad.

The "Tigers," milltiamen of Mr. Camille Chamoun's National Liberal Party, abandoned their last stronghold in the Christian balf of the Lebanese capital and fled to the Moslem sector, a police official said.

Grenade-throwing squads of Phalangists stormed into Ein Rummaneh from four directions aod overran the "Tigers" command headquarters at midday. The area is nominally under Lebaoese Army control.

The fighting left nine killed and more tban 40 woonded. It also sent hundreds nf families fleeing into basements aod bomb shelters and set several buildings ablaze.

The Phalangist militiamen had attempted to break through the "tiggers" defences in Ein Rummaneh during the night, but were bealen back in heavy combat with rockets, grenades aod machine guns.

● Six Arab Foreign Ministers and a Palestine Liberation Organisation (PLO) representative resumed their private meeting in Amman yesterday to draw up a common strategy against "continued Israeli aggressions." The Ministers from Saudi Arabia, Kuwait, Iraq, Syria, Algeria and Jordan and tbe head of PLO's Political Department, will decide during their three-day session, whether an Arab summit conference, dne lo be held in Amman next mnnlh, will convene on time. Agencies.

Sadat boosts commercial ties with Israelis

BY ALAN MACKIE IN CAIRO

President Anwar Sadal of Egypt is oot allowing difficulties io the Palestinian autonomy talks to hold up normalisation of relations with Israel.

After an hour of talks yesterday with Presideot Yitzhak Navon of Israel, who is in Egypt on a five-day official visit, it was disclosed that Mr. Sadat bad temporarily lifted restrictions oo Israelis visiting St. Catherine's Monastery in Sinai and was allowing commercial traffic to use the land route across sinai. Previously trade routes were restricted to sea or air.

At the same time, the Israeli airline El Al is increasiog its weekly flights to Cairo from three to four. Agricultural, industrial and cultural exehanges are also to be stepped up.

The two presidents unexpectedly broached the problem of the autonomy talks and Mr. Sadat said President Navon had relayed new ideas to Mr. Menahem Begin, the Israeli Prima Minister. "Let us hope we can find a breakthrough," he said, but he warned: "It will take some time."

Mr. Sadat is putting increasing empbasis on improving the oegotiating climate, having given up bope of encouraging mucb movement on the autonomy talks until later next year when the Israeli elections are ont of the way.

Normalisatioo is considered an important part of this process, and significantly the Navon meeting produced agreement on a joint study to see how relations between Egypt and Israel can make the transition to peace after 30 yeara of war.

The normalisation committee meeting, due to take place at St. Catherine's today, bas been postponed until next week, and will take place in Tel Aviv.

Salisbury grenade kills 4

BY OUR SALISBURY CORRESPONDENT

FOUR BLACKS were killed and 16 injured in a hand-grenade attack on a funeral party outside a house in the Dzivaresekwa suburh of Salisbury yesterday. The funeral group was made up nf supporters of Prima Minister Robert Mugabe's Zanu-PF party, police said.

The incident took place in the early hours of the morning, with the attackers, who were not identified, openiog up with small arms fire after throwing the grenade.

Police also announced two other grenade incidents, one in the St. Mary's suburb of Salisbury, in which four people were hurt

Meanwhile, the judge nominated for the murder trial of Mr. Edgar Tekere and his seven bodyguards, Mr. Justice Pitman, yesterday dismissed an application that he excuse himself from the case because he was appointed to the bench by the pre-independence Smith Government. Mr. Pitman's ruling means that the court case will now start as scheduled next Monday.

Canadians aim for self-sufficiency in oil by ten years

BY JIM RUSK IN OTTAWA

THE CANADIAN Government's new energy policy nnveiled on Tuesday aims to capture a prize wbich bas eluded Canada since the Organisation of Petroleum Exporting Countries re-wrote the energy rule book in 1973.

In tbe face of sky-rocketing OPEC prices and uncertain global supplies, Canada ought to be nne of tbe few *industrial* countries wbich could be self-sufficient in oil by the 1990s. It has enough proven reserves and the technical capacity to develop them.

While self-aufficiency is the basic goal of the programme prepared under the direction of Mr. Marc Lalonde, the Energy Minister, wbat bas emerged is complicated by bis attempts to reconcile a variety of short and long-term economic and political goals.

Tbe long-term targets are a reduction of oil imports to zero by 1990 and 50 per cent Canadian control of the industry by tbe same date. Canada now imports about 25 per cent of lts oil requirements and controls about 25 per cent of the industry. Of the 25 largest oil and gas companies in Canada, 17 are foreign-controlled.

In the short run, Mr. Lalonde is trying to end the impasse on pricing and to capture an increasing share of oil and gas revenues for the Federal *Government in a way that will* not exacerbate the country'a *regional divisions* or put difficulties ln the way of Prime *Minister Pierre Trudeau'a con*atitutional plans.

Increased Canadian control of the industry is to be achieved by a variety of measures, ranging from the purcbase of several foreign oil companies by the Federal Government to a system of incentiva grants for exploration and development.

The measures are strongly biased in favour of Canadian companies. A new set of rules for exploration on federal lands will not, for instance, permit production unless it is 50 per cent Canadian-controlled.

To reduce dependence on oil imports, which the Miniater acknowledges will continue tbrough the first balf of this decade, *the Government* will concentrate on reducing oil demand.

CANADIAN TRADE BALANCES IN ENERGY

CSm)

Year	Petroleum	Natural gas	Coal & coke	Electricity	Uranium ores	Elements & isotopes	Total net exports
1975	171	1,084	−160	91	51	70	1,307
1976	− 624	1,607	− 13	153	67	174	1,364
1977	−1,065	2,028	− 66	362	75	133	1,467
1978	−1,199	2,190	− 8	477	207	439	2,106
1979	− 557	2,889	−184	728	379	590	3,844

Source: Statistics Canada

Tbe basic target is to reduce oil demand to less tban 10 per cent of present requirements outside the transportation sector. Thia will be achieved in a number of ways, ranging from grants to home owners to convert their beating from oil to electricity or gas, to a withdrawal of federal financial support for tbe construction of homes using oil beating where a reasonable alternative exists.

The natural gas distribution system in Canada will be extended to the Maritime provinces and Vancouver Island, and funds will be made available for coal development in Nova Scotia and hydro-electric development in Labrador.

While the nationalisation aspects may raise some ire, particularly from Mr. Peter Lougheed, Alberta's premier, Mr. Lalonde bas tried to find short-term ways of placating the producing provinces. Ottawa did not, as it widely advertised before the budget, impose an export tax on natural gas, but opted for a levy on all gas produced in Canada.

This levy, which will be imposed on gas distributors, will be passed to consumers on both sidea of the U.S. border, but will not cut into tbe casb flows to prodncers or the producing provinces as an export tax would bave done.

The other new vehicle for raising money is an 8 per cent tax on net production revenue. It is identical in structure to an energy tax that Mr. Lougbeed reluctantly agreed to in negotiations with the Conservative Government of Mr. Joe Clark last year.

While Mr. Lalonde may have avoided a confrontation on the taxation aspects of his policy,

Mr. Marc Lalonde

Mr. Lougheed is certain to object to the unilateral aetting of Canadian oil and gas prices, which the Budget imposed under the Petroleum Administration Act.

Under tha new price arrangements, crude oil prices will go up by C$1 a barrel every six months starting in January, by C$2.25 semi-annually starting in January, 1984, and by C$3.50 semi-annually, starting in 1986.

There is no llnk tn world prices as Mr. Lougheed bad demanded and which was agreed by Mr. Clark last winter. Instead, the reference price will be C$38 a barrel, escalated by the consumer price index, which will be the price offered to producers of tar sands and other non-conventional oil.

Tbe reference price will nevar be allowed to rise above 85 per cent of U.S. levels. The current Canadian price is C$16.75 a barrel for conventional oil.

Natural gas prices will not be increased in 1981 but will go up by 15 cents a thousand cubic feet for every C$1 a barrel increase in tbe oil price thereafter. In addition to the regular increases in the price of oil, Canadian consuniers will face two other charges.

One will be imposcd to pay for the differential between world and Canadian prices and will rise to the point where the cost of oil imports will be paid for entirely by the consumer, rather than being aubsidlsed by the federal Treasury. This levy starts at 80 cents a barrel immediately, and will be increased by C$2.50 annually for the next three yeara.

In addition, Ottawa plans to impose a special charge to raise tbe equity portion of the financing for the takeover of foreign oil companies.

40 F etaoin shrdlu cmfywp m

This charge will be imposed on all oil and gas consumed in Canada and will have a ceiling of C$4 a barrel.

Mr. Lalonde can claim that his pricing system, under wbich oil will go up by C$3.80 a barrel in calendar 1980, meets his campaign promise last winter that oil prices in Canada would go up by less than the C$4 a barrel promised by the Conservatives in their ill-fated Budget.

He can also argue that be has broken the link to OPEC pricing, but it remains to be seen whetber his policy, the third comprehensive energy package the Liberals bave announced since 1973, will bear out his claim.

Seaga promises to expel Cuban ambassador if elected

BY CANUTE JAMES IN KINGSTON

MR. EDWARD SEAGA, the leader of the opposition Jamaica Labour Party, bas said that if he is elected to office in today's general election here, he will be asking the Cuban ambassador to leave. Mr. Seaga said be would also be reviewing relations with Cuba, wbich have been established by the Government of Mr. Michael Manley, the Prime Minister.

Mr. Manley's Administration has developed strong ties with Cuba over the past eight years, on tbe basis that this was in keeping with bia Government's non-aligned policy, that there were thousands of Jamaicans living and working in Cuba, and that Cuba, only 90 miles from Jamaica, was a geographical fact which could not be ignored.

The Labour Party is traditionally anti-Communist, and last year attacked Sr. Ulises Estrada, the Cuban ambassador, claiming that he waa interfering in the island's internal affairs. The ambassador was defended by Mr. Manley and bis People's Natiooal Party.

Mr. Seaga said also that if tbe Labour Party lost the election in wbat it considered an unfair poll, he would be using "people power" to "lock the country down." The fairness of the election bas been of concern to both tbe Government and the Opposition, and the electoral system bas been reviewed by a bipartisan reform committee.

The PNP has rejected cbarges made in U.S. newspapera that false ballot boxes imported from Cuba were to be used in the election, and that about 700 black Cuban aecurity agents were coming to the island to assist the party.

A spokesman for the Labour Party bas also rejected the newspaper allegationa, describing them as "wild," and saying that if this were so, the party would bave known of it.

Both parties are concerned at the threat to voting today by tbe increasing violence wbich bas marred the election campaign. Over 400 people have been killed this year in clasbes between political factions, and by armed gangs in Kingston.

Four more people were killed by a gang on Tuesday night, bringing tbe number ahot dead so far this month to 101. Of tbese, 77 bava been killed by gunmen, and the othera by the police.

Mr. Manley beld meetings on Tuesday nigbt with tbe heads of tbe police and the *army* concerning security for voters today. Just over 990,000 Jamaicans are eligible to vote, but both parties and the electoral office are concerned that thousands may stay at home fearing attacks on polling stations.

Earlier this week, police intercepted an illegal shipment of *12* aulomatic rifles and thousands of rounds of ammunition and hare detained two pilots of the island's internal airline. The PNP has cbarged that the owner of the aircraft is a known Labour supporter but this bas been denied by *the* Labour Party.

The election was called over a year early by Mr. Manley hecause of the poor health of Jamaica's economy. Mr. Manley sald his party was rejecting assistance *from the* International Monetary Fund, as the conditions demanded would not help the island's economy.

The PNP bas said it will seek financial assistance from friendly countries and attempt to nbtain a rescheduling of payments on about $750m of the island's $1.3bn foreign debl.

Mr. Seaga has said that lf elected he will regard the IMF as one of Jamaica's "options" for external financial assistance. He will seek large investment *from U.S. firms, making use of* the island's proximity to the U.S. aod implementing a "Puerto Rican model" of *economic development*, which accounted for Puerto Rico's high level of economic development and buman rights.

U.S. QUARTERLIES
Charter setback.
Bethlehem Steel loss.
El Paso poor.
Details, Page 28

JUNTA OFFERS AMNESTY AND ELECTIONS

El Salvador weary of killing

JUST OVER a year ago, a bloodless coup in El Salvador overthrew the highly conserative dictatorsbip of Gen. Carlos Humberto Romeo. The coup's aim was to bring democracy. The result so far has been anarchy.

The civilian-military Junta, caught between left-wing guerrillas and right-wing death squads, has launched a three-pronged offensive to neutralise both.

The three prongs are: amnesty, elections and a commitment by the Junta to fight violence from the extreme right.

The right has so far appeared to he above the law. The Junta has resisted weeding out elements in the armed forces colluding with the oligarchy—the immensely wealtby "14 families" which ran the country in feudal fashion after the armed forcea seized power in 1931—because it feared a right-wing counter conp. As a result, the Junta's standing with most Salvadoreans, weary of killing, has declined.

The Junta, prodded by the U.S., now helieves it can move against the extreme right, since reforms have broken the oligarchy's economic back, and its funds for financing political violence are running out.

The Junta says it will offer amnesty to anyone who lays down his arms. But sucb promises are meaningless until tbe Junta estahlishes its authority over the right.

The chances of the guerrillas accepting the amnesty are slim, until the extreme right is controlled. Even then, the guerrillas may spurn tbe olive branch, since they seem bent on establishing a Marxist-Leninist state which, they believe, can grow only from the ruins of El Salvador.

The guerrillas are far more radical tban the *Sandinista* guerrillas wbo overthrew the Somoza *dynasty in neighbouring* Nicaragua. Unlike the Sandinistas, tbey are still very sectarian and bave no broad popular base. *But*, in response to the junta's initiatives, the guerrillas are trying to form a common front.

Linked to the amnesty is the promise of free elections in 1982 for a constituent assembly aod presidential elections in 1983. By this announcement, the junta has finally offered a political alternative to violence.

Troops outside the Organisation of American States office in San Salvador, seized by leftwingers last month.

The guerrillas all have their respective political wings, and it remains to be seen whether they will be allowed to take part in elections. Any election which does not take them into account is doomed to failure.

And since no organised centre grouping exists in El Salvador to act as a moderating influence, the task is tbat much more difficult.

The *Christian Democrats, the* only political party in the juata *(the others withdrew), will try* to fill this vacuum. They ara banking on winning the elections, but they, too, are becoming indelibly stained with blood.

According to the Roman Catholic Church, an average of 25 people a day bave been *killed* thia year in the war between Left and Rigt-wing extremists. Over 10,000 of the 4.4m Salvadoreans have fled into exile, over 400 schools bave been closed, and the economy is grinding to a balt.

Even wben El Salvador is at peace, reliable and complete economic statistics are not available, but a recent study by the Jesuit-run Central American University, estimates that economic activity could decline by 8 per cent this year, against the Governmeot's forecast of 2.6 per cent. Thi scompares with an average annual gross domestic product growth of 2.9 per cent for 1970-79.

By the end of tbe year, El Salvador's foreign reserves are expected to be down to Colones 220m (£36.6m), enougb to pay for about one month's imports. Reserves sbould ideally cover four months' imports.

High world prices are compensating for falling sugar production, but El Salvador's other export crops, coffee and cotton, are bard hit by tha war.

The Central Bank is reprinting its way out of the crisis. The hanks will lend tbe Government Colones 368m (£61.3m) this year, 175 per cent more than 1979. Inflation this year will be at least 20 per cent.

Since the Junta took power, banks have been nationalised, the traditional export crops of coffee, sugar and cotton placed in state bands, and widespread land reform bas been started.

All this weakened the oligarchy, but far from bringing peace a borrendously bloody struggle for power was unleashed.

In the mornings, after the corpses *from the* previous nights battlea bave been cleared *from the dirty streets*, San Salvador, the capital, bustles with life *as people make their way* to work.

By the evening, however, the streets are deserted. The only people who venture ont are the foolhardy or those directly involved in the fight

UK companies move closer to £1.6bn India steel contract

BY K. K. SHARMA IN NEW DELHI

DAVY INTERNATIONAL and British Steel have moved closer to winning a £1.6bn contract for a 1.5m tonne integrated steel plant at Paradip in India's Orissa State.

An inter-ministerial committee has indicated its preference for the Davy-British Steel bid even though a rival bid by Mannesman Demag of West Germany is slightly cheaper. The committee has suggested, however, that further negotiations on the terms should be held. The contract, when it is awarded, will be on a turnkey basis for execution over a four-year period.

The committe'a recommendation will now go to to the Cabinet for a final decision which is expected to be taken soon. The cabinet usually accepts recommendations made by committees formed by it so the contract is certain to go to Britain unless there are compelling reasons to overrule the committee's recommendation.

The commitee was asked not only to assess the British and German offers but also go into the question whether the award of the contract on a turnkey basis was the best and cheapest way of executing the project. This followed cabinet differences on the matter, largely based on the fact that India itself has the capacity to build steel plants on a turnkey basis.

The turnkey contract is favoured because it will mean that the British group will have to arrange the financing for the project. Proposals for this are included in the British package and the financing is to be arranged by a consortium of European banks led by Lazards.

India at present faces a serious resources shortage, and one way out of this is to seek commercial borrowings from abroad to finance development projects included in the sixth five-year plan now being implemented for the period 1980-85.

The Paradip project is one of three coastal steel plants planned by the Indian Government to raise steel production capacity to meet present and future demands. The first plant is being executed by the Russians at Vishakapatnam in Andhra State. The third plant is still at the discussion stage.

India urgently needs additional steel-making capacity. Production in the four public sector plants in the country has fallen in the first half of the financial year to just 2.6m tonnes compared with 2.95m tonnes in the same period last year—itself a low figure—because of power cuts and coal shortages. This has made it necessary to make imports of around 1m tonnes of steel a year but shortages persist.

At present, India's steel-making capacity is around 10m tonnes from the four public sector plants at Bhilai, Bokaro, Rourkela and Durgapur and the recently nationalised plant of the Indian Iron and Steel Company. The only integrated steel plant in the private sector is run by the Tata Iron and Steel Company with a 1m tonnes capacity.

Cuba tyre deals in doubt

OTTAWA — Canadian tyre companies, mostly subsidiaries of U.S. concerns, have received orders from Cuba totalling C$7.3m (£2.5m).

Among the companies to receive Cuban orders were units of B. F. Goodrich, Firestone Tire and Rubber, Goodyear Tire and Rubber, Uniroyal and General Tire and Rubber.

U.S. regulations on trade with Cuba require that the foreign subsidiaries of U.S. concerns get U.S. licences for export to that country. This requirement has been repeatedly condemned by Canadian Government officials as an attempt to extend U.S. laws to other countries.

In Washington, a U.S. Treasury Department official said he could not confirm whether the Canadian subsidiaries of the U.S. tyre manufacturers had applied for licences to export to Cuba. The Treasury is responsible for the office that administers U.S. regulations on Cuban trade.

B. F. Goodrich's Canadian subsidiary said the company was not under any obligation to seek U.S. clearance for its exports to Cuba. B. F. Goodrich of Canada, an official said, is incorporated in Canada and complies with Canadian laws.

AP-DJ

Agrico will build $450m plant for Tanzania

By Our Dar Es Salaam Correspondent

AGRICO CHEMICALS, a subsidiary of Williams Companies of Oklahoma, has signed a joint venture agreement with the Tanzanian Government to build a $450m (£184.7m) ammonia fertiliser plant, one of the biggest projects of its kind in Africa.

Preliminary technical surveys have been completed and it is hoped to have the plant in production in about four years' time, U.S. officials said.

The plant will be built at Kilwa Masoko, 150 miles south of Dar es Salaam and will use natural gas from Tanzania's offshore Songo Songo field. The officials said the plant would eventually pay for itself through the export of up to 90 per cent of its output.

The Songo Songo field was first discovered during a World Bank funded drilling programme in 1976.

Agrico, which earlier this year said it would conduct a feasibility study for a major fertiliser development in Saskatchewan, is one of the world's largest producers of phosphate and nitrogen fertilisers. It has four major complexes in the U.S. and phosphate mining operations in Florida.

Last year it contributed 48 per cent of the William Companies' net profits of $69m (£28.3m).

John Worrall writes from Nairobi: The role of European consulting engineers in the Third World has come under attack at the "Development in Africa" seminar, organised here by the International Federation of Independent Consulting Engineers.

Their main aim was "not to transfer technology but rather to recoup aid for themselves to stabilise the position of their firms in their home countries." Chief Adenrele Adejumo, secretary of the Association of Consulting Engineers in Nigeria, charged yesterday.

Chief Adejumo quoted one expert who said: "The shelves of the world's supermarkets for technology are full of blueprints, gadgets and systems designed in the first instance for, and suited best for, industrialised economies and societies—little else is available."

WEST GERMAN CONTRACTS

Casting doubt on freedom of the market

BY ELGIN SCHROEDER IN BONN

WEST GERMANY prides itself on its free trade principles—and there is something to it. But the case of a Breman computer seems to indicate that the freedom of the German markets is not exactly limitless.

Whether this was an individual accident—as the Federal Economics Ministry says—or the precursor of dirigist measures to come, remains to be seen.

In 1978, Breman University asked for tenders for a large computer to replace its rather old and inadequate French model. Among the competitors were Simens, the largest West German electrical concern, and Burroughs, a leading U.S. large systems specialist.

The invitation to bid ran out at the end of May that year and, shortly afterwards, university experts and independent advisers alike chose the Burroughs computer.

"The Siemens offer landed in fifth place only—the third to last position — and was not taken up," a Bremen University statement explained. Simultaneously, the university applied to the Bonn Science Ministry for subsidies under the third national data processing programme—which, by the way, is soon to lapse.

Under that scheme, the Government pays 85 per cent and the province, in this case the city state of Bremen, 15 per cent of the costs of a computer.

Even the German research society (Deutsche Forschungsgemeinschaft), a Government-sponsored body of experts, advocated the purchase of the roughly DM 8m (£1.7m) U.S. system on "factual grounds." Yet, long after Bremen has withdrawn its invitation to bid, the society—against valid regulations—kept examining improved revisions of the Siemens tender, as it turned out, at the insistence of Herr Volker Hauff, the Social Democrat Science Minister.

The Science Ministry, supported in this by Herr Hans Matthoefer, the Federal Finance Minister, also a member of the SPD, wanted to see a German computer installed in Bremen.

On return from a visit to Siemens in Munich in 1979, Herr Matthoefer told Herr Hans Koschnick, Bremen'a lord mayor, that "the Government had contributed heavily towards the creation of a strong German computer industry and that it would be regrettable if this effort were not honoured by the acquisition policy of public bodies." Science Ministry officials then let it be known that only a German computer would be subsidised.

Meanwhile, Burroughs had flown in its computer from the U.S. to enable it to stick to the delivery date specified in the university tender—only to find acceptance denied by Herr Horst-Werner Franke, Bremen's Senator for Science and the Arts.

To the company's surprise, Herr Franke had suddenly come round to favour the latest Siemens offer to mount the computer 7880/7865—in fact a Japanese model sold by Siemens in the Federal Republic for Fujitsu. At DM 11.3m, it is more than DM 3m higher than the U.S. alternative.

Herr Franke presented a cost-use analysis which seemed to prove that 10 year running costs of the German-Japanese machine were lower than those of the U.S. computer. The Science Ministry immediately approved the new Siemens proposal "for economical reasons," as it said.

The U.S. company has now sent a court order to Bremen for payment of more than DM 10m, including storage, interest and legal costs.

University computer experts and German Research Society members—who never changed their opinion about the superiority of the Burroughs system—wondered aloud why their advice was solicited and a bid invited at all, when the supplier was known to begin with.

The Bremen legislature has now voted for the Siemens computer—albeit by a slight margin.

The events surrounding the computer purchase have not only led to unrest in the local Bremen Parliament, but have also had consequences on higher political levels. U.S. criticism of this first incident in West Germany of political pressure on public bodies to buy German is growing.

Mr. Walter J. Stoessel, the U.S. ambasador in Bonn, has already asked Count Otto Lambsdorff, the Economics Minister, whether this was the first step in a national campaign. The liberal Free Democrat Economics Minister, however, is himself not happy about the situation. He also fears an intensification of the dispute about trade restrictions should Burroughs invoke a court injunction against the installation of the Siemens computer.

Airlines try to link fares to fuel price

BY MICHAEL DONNE IN MONTREAL

THE WORLDS' airlines are to step up their efforts during the next few weeks to win final approval from governments for a mechanism that will allow fare rises automatically when fuel prices rise by certain amounts.

More than 100 member airlines of the International Air Transport Association have been discussing such a mechanism for over a year, but have no been able to implement it because of lack of willingness on the part of some governments to approve it.

The subject is under discussion again this week at IATA's annual general meeting in a presentation entitled Airlines in the Eighties.

So far more than 30 governments have indicated their approval, but at least another 10 countries are considered necessary to make the system fully effective world wide. One of the outstanding approvals needed is from the U.S., which has no love for IATA and has tended to regard any collective action by the Association on any topic as being tantamount to a violation of its anti-trust laws.

But even the U.S. Government has already introduced a similar "trigger system" for the airlines in its own country, and in view of that can hardly object to such a system elsewhere.

The need for such a system stems from the rapid rises in fuel prices which doubled last year and have continued to rise steeply so far in 1980. One result is that because of the much slower rate at which governments apporve fares increases, the airlines are always running about $1bn behind in their revenues—money which they do not now believe they will ever recover.

Many people had been led to believe that unbridled competition might lead in some miraculous climate of soaring costs especially of fuel and resulting heavy losses for some airlines.

In the meantime the IATA airlines are already planning for a new conference early next year to settle fares for the summer of 1981.

Japanese raise TV exports to West Germany

TOKYO — Japanese colour television exports in September rose 24.6 per cent to 459,000 sets over a year ago and were up 12.6 per cent from last August.

Total exports in the first nine months of this year were 3.21m, up 34.2 per cent over the same period of 1979, the Japan Electronic Industries Association said.

Exports to West Germany in the first nine months rose by 102.8 per cent to 298,800 sets over the same period last year.

About half of the colour television sets shipped to West Germany are scheduled to be distributed in other EEC countries.

Sales to the U.S. continued to fall in September. But the U.S. remained the largest market for Japanese television manufacturers with 52,000 sets.

Exports of home use video tape recorders rose 90.7 per cent in September to 340,800 over a year ago, the Association said.

Reuter

Deals signed for Gulf chemical complex

BY MARY FRINGS IN BAHRAIN

GULF PETROCHEMICAL Industries, the $160m (£65.8m) joint venture set up in Bahrain by the Governments of Kuwait, Bahrain and Saudi Arabia, has signed a number of agreements for the construction of its ammonia and methanol complex.

The cost of the project, with an output of 1,000 tonnes a day of each product, is estimated at $400m.

Houston-based King Wilkinson, who prepared the initial feasibility study for the Bahrain project, and is also working on a petrochemical plant in the eastern province of Saudi Arabia, has been awarded a consultancy contract worth up to $9m. Process technology for the complex will be supplied by Uhde of West Germany, but the methanol process is sub-licensed from ICI of the UK.

Dr. Tawfeeq Al-Moayed, the Gulf Petrochemical chairman, said the agreement with Uhde is for the preparation of basic engineering of the entire petrochemical complex, which includes ammonia and methanol plants with all utilities.

The 1,000-metre-by-800-metre site is to be reclaimed from the sea, alongside the Bapco loading jetty at Sitra. Wimpey Laboratories has won a site survey and soil analysis contract, and Cowiconsult of Denmark has been appointed project site civil consultants.

Early in 1981 Gulf is expected to ask international companies to prequalify for the main contract.

Budapest jobs for Swiss

BY JOHN WICKS IN ZURICH

THE SWISS company, Giroud-Olma, of Olten, a subsidiary of Foundry Design, is building an automatic foundry in Budapest for the Ganz-Mavag locomotive factory.

The plant, to cost SwFr 25m (£6.2m), includes installations for the preparation of casting sands and dust removal as well as the complete casting equipment.

Hilary Barnes writes from Copenhagen: Denmark's three telephone companies, the Copenhagen, Funen and Jutland telephone companies, have signed letters of intent with L. M. Ericsson of Sweden, for delivery of 129 AXE telehpone exchanges involving about 280,000 inlets and outlets, the companies announced. It is expected that the total value of the deal will be in excess of DKr 300m (£21.7m). Contracts will be signed early next year.

Work shortage threat to construction industry

BY MICHAEL CASSELL

LEADERS OF the building and civil engineering industries yesterday combined forces to spell out the severity of the construction recession and to urge the Government not to reduce their workload any further.

Surveys published yesterday by the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors showed one of the blackest pictures either organisation could recall.

Evidence of the deepening recession comes within a few days of the Government's decision to place a temporary freeze on all local authority housing budgets. It also comes as the Cabinet begins to debate the question of another round of public expenditure cuts.

The builders and civil engineers made it clear their first priority is to prevent the industries from suffering any more in the wake of spending reductions. They claimed that available work had fallen to dangerously low levels, threatening the future structure of the construction sector and seriously undermining its longer-term strength.

Total construction output this year is expected to fall by about 6½ per cent and forecasts suggest that an even steeper reduction is likely next year. Against this background, the industry's so-called Group of Eight, which represents employers, unions and professional bodies within construction, will see Conservative backbenchers next week to press their case.

They are also seeking a meeting with Mr. Michael Heseltine, Secretary for the Environment.

The delegation will say that unemployment in the building sector has risen from 157,000 at the end of last year to 224,000 by August, and that over 60,000 skilled craftsmen are out of work.

Mr. Derek Gaulter, director general of the FCEC, said the latest survey by his federation revealed a continuing and steepening decline in the volume of work available.

"The figures clearly prove the existence of an undeclared moratorium involving delays in letting work and the failure to award tenders which have been won on price.

"The most significant findings come in contractors' forward views. No less than 78 per cent anticipate further falls in new orders and for smaller contractors the figure rises to 83 per cent. The same message emerges for future repair and maintenance work, with the net result that nearly 70 per cent of contractors expect to shed labour at a faster rate."

The building sector is rapidly sliding into a recession at least as serious as that of the mid-1970s, according to the NFBTE. An inquiry among 600 member companies showed that nearly 70 per cent reported falling inquiries, and over half expected to see lower output this year compared with the previous 12 months.

Mr. Oliver Jayne, deputy director general of the NFBTE, said: "The outlook is bleak. Even repair and maintenance, which has helped shield companies from the decline elsewhere, is falling back. The position is dangerous and spells all sorts of problems for the future."

Burglary claim payouts up 55%

By Eric Short

PAYOUTS on house burglary claims in the first six months of the year rose by 55 per cent over the corresponding period last year (from £23.3m to £36.1m) according to figures released yesterday by the British Insurance Association.

Mr. Frank Simpson, chairman of the BIA's Crime Prevention Panel, commenting on these figures, said burglary appeared to be a major growth industry. Insurance companies now paid out an average of £200,000 a day on thefts from homes.

Altogether insurance companies paid out £63.7m on theft claims in the first six months of this year compared with £45.5m in the first half of last year. Commercial thefts were 31 per cent higher at £123m, and goods in transit 14 per cent more at £42m

Theft claims on all risks policies—which cover such items as jewellery, cameras and watches—were 23 per cent higher at £8.6m. Thefts from individuals amounted to at least £44.7m—nearly three-quarters of the total theft claims.

Flexible cash controls urged

Peter Riddell looks at the case for new underspending rules

PROPOSALS for greater flexibility between separate financial years in the operation of cash limit controls over public spending have been backed by the all-party Public Accounts Committee of the Commons.

The committee, in a report published yesterday, examines the case for allowing a limited carry-over of funds from one financial year to the next where underspending occurs.

The issue arises because says the report, "where it is not possible to control expenditure at all precisely within a financial year, departments have to aim to spend well within their cash limits if they are to be fairly certain of never exceeding them.

"The result, on average, is bound to be substantial underspending below the approved limits."

The Ministry of Defence has sought Treasury approval to carry forward large underspends on its cash limits caused by unavoidable delays and slippage in works and equipment programmes. Similar problems have been faced by the Department of Health and Social Security and the Department of Transport.

In response, the Treasury has produced a scheme for a limited carry-forward of underspending within the public spending totals.

This would be subject to a limit, possibly 5 per cent, for defined categories, notably capital spending. On this basis, the maximum potential carry-forward would be about £500m.

The Ministry of Defence considers the Treasury projected scheme impracticable because it might not survive the insistent pressures on Government spending.

The Public Accounts Committee concludes that the Treasury scheme for a limited measure of carry-over of underspending, with the maintenance of a rigid attitude towards any excess over a cash limit, would partly meet the current problem.

The committee recognises that the carry-over would not be automatic and to take account of the Ministry of Defence's concern about impracticability, it is hoped that "the carryover would be approved each year unless circumstances were exceptional."

The committee "entirely agrees with the Treasury that no laxity must be allowed in the operation of the cash limit system."

Therefore, "any overspending should mean an automatic reduction in the limit for the following year."

But, the report adds, "the Government might consider whether for certain limited categories of expenditure a less censorious attitude to occasional overspending, where this occurred through circumstances beyond the control of departments, could be an acceptable development of the cash limit system, both in meeting the problem referred to and in enabling the system to be extended to a higher proportion of public spending."

The committee argues that given the difficulties of exact prediction and control — for example, on the level of roads expenditure—"it would be reasonable for it to be understood that an excess over the announced cash limits is liable to occur in exceptional circumstances and that the department would not expect to be censured, although an off-setting reduction should be made in the cash limit for the following year, if the excess has occurred despite reasonable behaviour and all possible care on its part in managing its allocations."

"Carry-over of cash limits at the end of the financial year." 27th report from the Committee of Public Accounts. House of Commons Paper 766, price £4.90.

Drink blamed for fatalities

MORE THAN half the road deaths of drivers in their early twenties last year were related to drinking, Mr. Norman Fowler, the Minister of Transport, yesterday told a London conference on traffic education in schools.

A third of all drivers killed had exceeded the alcohol limit, he said, 52 per cent in the 20-24 age group, and 41 per cent in the 17-19 group.

A growth in pedestrian road deaths among children aged over 10 and teenagers, he said, was causing great concern.

Scottish councils warned on spending

BY RAY PERMAN, SCOTTISH CORRESPONDENT

LOCAL authorities in Scotland were given a strongly worded warning by the Government yesterday, that any over-spending on housing will result in corresponding reductions in allocations next year.

A circular sent out by the Scottish Home and Health Department was prompted by interim figures, which suggest that 26 councils will overspend unless they take action to reduce expenditure.

However, Scottish authorities are being left to decide how they will limit their spending.

There is no ban north of the border equivalent to the temporary freeze on all housing expenditure imposed on English and Welsh authorities last week by Mr. Michael Heseltine, Environment Secretary.

Instead, Scottish councils have been told that over-spending in the current financial year will be clawed back next year.

They have also been reminded that it is against the law for them to borrow to meet capital expenses without the authority of the Scottish Secretary.

The circular continues: "The need to observe the limits set by the allocations is overriding.

"This means that if local authorities find their expenditure is running at a higher level than they had foreseen, their only proper course of action is to let fewer new contracts than they had planned, or none at all."

The total allocations for housing in Scotland are £229m for new housebuilding, improvement and repairs and £64m for grants to owner occupiers and mortgages.

Unionists condemn Maze move

By Stewart Dalby

THE condemnation by all the main Ulster Unionist parties of the British Government's concession on the question of civilian clothes to H block in the Maze Prison outside Belfast underscores Loyalist apprehensions about British policy towards Ulster.

The three Unionist parties with members at Westminster—the Official Unionist Party, the Democratic Unionist Party of Rev. Ian Paisley and the Popular Unionist Party of Mr. Jim Kilfedder—issued a statement condemning the move and saying it devalued the lives of prison officers murdered by terrorists.

The three parties were supported in the statement by Mrs. Ann Dickson's Unionist Party of Northern Ireland and Mr. Ernest Baird's United Unionist Council.

This is the first time the Unionists have agreed on any single issue. They have developed wide rifts largely over political matters.

However, they have all become alarmed by the concession on the wearing of civilian clothes by prisoners in H block convicted of terrorist crimes.

They see this as the thin end of the wedge and, now that the hunger strike has started in H block, they believe the Government will eventually capitulate to the internees' demand for political status.

The orthodox politicians' protest comes against a background of a threat by the Ulster Defence Association that they will do everything in their power to "eliminate those who pose a threat to the state of Ulster and its peoples."

Seven terrorist Republican prisoners started a hunger strike on Monday. Medical opinion suggests they could survive for between six and eight weeks depending on their individual physiques and stamina, providing they accept water.

Mr. Humphrey Atkins, Secretary of State for Northern Ireland, earlier this month granted the concession that the prisoners could wear civilian clothes. About 370 prisoners in H block had been on a "dirty" protest for almost four years.

Sales at North Eastern Co-op defy trading slump

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE North Eastern Co-operative Society, one of the largest retailers in the north-east, has increased its trade by more than a fifth so far this year.

The society, in a progress report to its trade unions, says sales in the first 40 weeks of the year have reached £134m, which is 22.4 per cent above the 1979 figures.

Mr. Terry Norris, the society's chief executive, said yesterday that in recent weeks sales had reached levels 25 per cent higher than those of last year.

The society's improved trading performance comes at a time when many retailers, especially in the north-east, are facing a slump. Mr. Norris said the society's success was due to a strong marketing operation.

Advice on auctions

BY OUR CONSUMER AFFAIRS CORRESPONDENT

MR. GORDON BORRIE, Director General of Fair Trading, last night warned consumers to be wary of buying goods at auctions.

Mr. Borrie, who was speaking at a Citizens Advice Bureau meeting, said auctions occupied a special position in consumer law. The consumer's normal rights under the Sale of Goods Act could be legally by-passed at auctions if special exclusion signs were prominently displayed.

"Then consumer is left facing considerable pitfalls and needs to be on the alert," Mr. Borrie said.

He also made clear that it was considered impracticable to change the law because an auctioneer might be unable to distinguish between private and trade bidders.

Three rules to remember at auctions were:

- To read the auctioneer's terms and conditions carefully.
- To avoid action on the spur of the moment.
- To examine the goods before the sale

More joining pension schemes

ABOUT 11.8m workers are members of an occupational pension scheme set up by their employers, according to the latest survey by the Government Actuary.

This represents 51 per cent of the total number of employed.

Of this total, 8.5m were men and 3.3m women. Sixty two per cent of employed men were members of a pension schme, but only 35 per cent were women.

The current survey made last year is the sixth in the series carried out by the Government Actuary. The previous one was in 1975.

The results are based on figures supplied by 3,000 employers, including the civil and public service, nationalised industries, local authorities and most of the major companies.

Medium and smaller companies are also included in the sample, but not the self-employed.

The main change from the previous survey was the increase in the number of women who are now members of company pension schemes. In 1975 there were 2.8m women, now there are 3.3m.

This reflects the effect of th introduction of the new State pension scheme which made it illegal to discriminate against women membership.

The number of people receiving pensions from occupational schemes has risen to nearly 4m, compared with nearly 3.5m in 1975. Out of the 3.25m male State pensioners, nearly 2m are also receiving an occupational pension.

But just over 1m women out of nearly 5m female State pensioners are receiving an occupational pension, either in their own right or as widows of employees in pension schemes.

The black future confronting the coal industry

Martin Dickson looks at the Coal Boards desperate prospects'

THE SEVERE impact of the recession on the coal industry has been spelled out more starkly than ever by Sir Derek Ezre, the chairman of the National Coal Board.

He told miners at Markham Colliery, near Chesterfield, yesterday that the NCB was likely to sell 6m tonnes less this financial year than in 1979-80—its most ahrupt about-turn from one year to the next during the past 18 years.

Sir Derek said: "The industry's financial situation is more difficult than at any time in the last five years and we can aee no early improvement."

His remarks are clearly designed to exert a moderating influence on the National Union of Mineworkers in its current round of pay negotiations with the NCB. The Coal Board bas offered the union e rise of less than 10 per cent in response to its 35 per cent claim.

But the gloomy market conditions facing the NCB are real enough. The recession has slashed demand for all forms of energy, including coal.

And with no improvement in sight, it is becoming increasingly difficult to see how the NCB can meet the tough financial target imposed on it by the Government earlier ths year—to break even hy 1983-84 without the benefit of production grants which were worth nearly £200m in 1979-80.

Financial difficulties will also increase the pressures on the board to shut its heaviest loss-making pits.

About balf of this year's market down-turn stems from the electricity aupply industry, the NCB's largest customer. It usually accounts for over 70 per cent of total sales.

The Central Electricity Generating Board has an agreement to take a minimum of 75m tonnes of coal a year from the NCB provided the Coal Board keeps its price increases within the rete of inflation.

The CEGB will therefore be taking 75m tonnes this year, but falling demand for electricity and a need to cut costs mean that it is unlikely to take more than that—whereas last year it bought almost 78m tonnes of NCB coal.

The troubles in the steel industry look like cutting that market for the NCB's coking coals by up to 2m tonnes this year.

The British Steel Corporation and the Coal Board did reach an agreement recently under which BSC will take at least 4m tonnes of NCB coal in 1981 in return for a hefty subsidy—but that is still substantially down on the 6.9m tonnes it hought in 1979-80.

Almost balf the BSC'a requirements will be met by cheap imported coal and the CEGB is also importing 4m tonnes of low-price steam coal this year, compared to 2.4m tonnes last year.

The NCB reckons it is likely to lose a further 1m tounes of sales in the domestic heating and general industrial markets, which together account for just nver 20m tonnes of its ontput. For example, the closure of Bowater's paper mills at Ellesmere Port will mean an annual loss of 200,000 tonnes in sales.

The hoard is slightly offsetting these difficulties hy increasing its exports, primarily to Western Europe. Exports are likely to be more than 3.5m tonnes this year, compared to 2.5m last. But to be competitive abroad it has to cut its prices.

Sir Derek said: "The extra business we are gaining in Western Europe is not profitable. We are entering into it only to bring in mnch-needed cash."

Despite the export drive, the NCB will still have to put 5m tonnes of coal to stock this year, compared with lifting 4m tonnes to meet demand last year. Stocking coal is expensive: 5m tonens represents £150 to £200m of foregone sales while handling and other stocking charges could come to £35m a year.

An improvement or deterioration in the market will depend in part on the size of the price rises the NCB is due to hring in next January. A large increase would eet into its immediate market and could damage its longer-term efforts to woo industry to coal-firing rather than oil.

The January increases in turn will depend substantiolly on the pay settlement reached with the NUM, since wages account fnr 50 per cent of the NCB's costs.

Rubbing home the message nf wage moderation, Sir Derek said yesterday that "further price increases could cause us to lose still more business. Because of the world recession, there is some cheap coal availahle for imports and this position is likely to continue for the next two years or so. Keeping costs down will give us the best chance to contain competition of that kind."

Lorry test stations sale row grows

By Lynton McLain, Transport Correspondent

THE GOVERNMENT'S plan to sell the 91 heavy goods-vehicle testing stations to the private sector came under attack yesterday for the second time this week when Mr. Albert Booth, Shadow Minister of Transport, said that the sale would lead to "corruption and financial inducement among unscrupulous testers."

Earlier the Road Haulage Association came out strongly against sale of the State-owned stations. It favoured the "impartiality" of testing as carried out by the Government since 1968.

Mr. Booth said that the "privatisation bug" had bitten the two Transport Ministers, Mr. Norman Fowler and Mr. Kenneth Clarke, in its "most virulent form."

Virulent

"It has caused them to cast aside considerations of public spending and of road safety in the pursuit of their doctrinaire aims."

The proposal amounted to "playing politics with road safety."

He told the Civil and Public Services Association, whose members would ho affected by the proposed sale, that it was no more conducive to public safety to have heavy goods-vehicle testing stations competing for business than for drivers to compete with each other on pnblic roads to see who could drive fastest.

The Government plan tn sell the testing stations and pass testing of public service vehicles, mainly buses, to the private sector, was announced in August in a consultation paper.

The response to the plan had been "largely against the principle of privatisatinn becouse of the fear that standards would fall," the Transport Department said lest week.

Mr. Albert Booth: warning of corruption risks.

The Freight Transport Association, representing the transport interests of 16,000 companies, was one of the first to come out against the plan.

Last week the Institution of Professional Civil Servants, which represents many of the 1,000 skilled workers in the test stations, opposed the proposed sale because it was a "threat to public safety."

Standards

The Government intends to keep control of safety standards and fees.

Mr. Fowler said when the plans were announced that tha private sector could provide a "more flexihle and efficient service without any lowering of standards."

He hoped that there would be competition between the private companies which would run the centres.

The Association of County Councils is one of the few bodies which has supported the proposal.

The Government is determined to go ahead despite the widespread oppositinn.

Legislation to form the stations into a company before a sale to the private sector will be included in the Queen's Speech on November 20.

Adverse effect

Mr. George Newman, director-general of the Road Haulage Association said at its annual conference on Tuesday that the plan would bave an adverse effect on tbe association's members, who operate a third of the 600,000 heavy lorries.

The testing scheme had been responsible for a "substantial improvement in the mechanical condition of lorrios since Government testing started 12 years ago."

In particular, the scheme had led to improvement of the condition of lorries run by an "irresponsible element in the haulage industry," the "cowboy operators."

Government figures show that injuries and deaths of lorry-drivers since 1969, a year after the scheme started, fell by 30 per cent to 1978.

Injuries and deaths of all road-users for every 100m kilometres travelled, a measure of rod use, dropped by a third over the period.

Revised PAYE plan criticised by IBM

By Jason Crisp

IBM, THE U.S.-owned computer giant, warned yesterday that the revised plan to computerise the Inland Revenne's Pay As You Earn operation might not allow the Chancellor to make significant changes in tax policy which had been one of the original objectives.

A report produced jointly by the Inland Revenue, the Department of Industry and the Government's computer agency which recommends a mnre cautious and simplar approach to computerising the tax system is on its way to Ministers.

The simpler epproach is expected to favour ICL, the British-owned computer manufacturer, although the project will not be completed until 1990.

The hattle to win the £150m contract to computerise the British tax system has been fiercely fought with considerable lohbying behind the scenes. Under existing Government procurement policy, which expires in two months, the order would automaticaly be placed with ICL, subject to satisfactory price, performance and delivery.

The order, wbich is the largest European civil computer contract, is one of major prestige, especially to ICL which believes its credibility would be seriously damaged in world markets if its own Government rejected it for such an important task.

IBM and other American computer companies bave been lobhying hard for tbe Government to have an open tender for the contract. They have pointed out that under GATT and EEC rules the Government would be ohliged to bave open tenders from January 1.

In August a Cahinet committee, chaired by the Prime Minister, failed to decide on whether to go for a single tender from ICL or to offer it to open tender, which IBM would be likely to win. Although the Inland Revenue is reputed to have favoured IBM, the Department of Indnstry was strongly in favour of ICL.

The Cabinet committee sent the proposals back for a technical reappraisal. The new proposals are much less amhitious and are helieved to be well within ICL's capability.

There had been considerable fears that if the system was too complicated there would be a high risk of major hreakdowns which could affect the collection of revenue.

IBM, which appears to fear that the contract is slipping from its grasp, believes there have been four main changea in the computerisation plan.

First, it is to be implemented function by function, which IBM says is a good idea and which it had recommended earlier.

Second, the number of terminals in each network is to be reduced. It had heen planned that there would be 12 central computers in the tax regions around the country, each with 2,000 terminals on the desks of tax officials. The new plan calls for nearly 40 smaller computers with between 4 and 500 terminals.

The third change, which IBM described as "retrograde" yesterday, is the postponement of plans to link the regional computers with each other.

The fourth change, which according to IBM has only become apparent in the past few days, is that the finishing date of the project has been put back three years to 1990.

The main point nf IBM's argument is that if the software (computer instructions) is not designed for linking all the computers from the outset it will not be easy to make the links which also bring a flexibility to the whole system.

One of the problems of the tax system, and computerising it, is that husband and wife may work in two different areas, have two different tax offices and live in yet another area.

IBM saya it would be much harder to introduce tax credits or separate taxation of hushand and wife under the revised system.

Airlines will pay new airport fees

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE CONSORTIUM of 18 International airlines taking legal action against the British Airports Authority over "excessive and illegal" landing charges bas dropped its plan to pay fees only at the pre-April 1, 1980 level, the date wben fees rose by an average of 35 per cent.

The British Airport Users' Action Group, representing the airlines, made the threat "with effect from the October invoices."

The balance to the current level of charges would have been lodged in a trust fund.

The action group suggested in a letter yesterday to Mr. John Mulkern, managing diractor of BAA, that it might also drop its legal action in return for "sensible and realistic negotiations to reduce charges." The airlines said that they were "ready, even now, to enter into negotiations."

The group said last night that the offer to negotiate was in response to an article by Mr. Mulkern in the October 23 issue of the BAA house newspaper in whicb he said: "Differences between partners should be settled by negotiation, not by public and expensive squabhles."

The 18 airlines would be prepared to continue "for the present to pay, without prejudice, the full airport charges, including the proportion regarded hy the group as excessive and illegal."

The airlines hope that negotiations can he concluded successfully in "the next few weeks." The letter suggesting negotiations has also been sent to Mr. John Nott, the Secretary of State for Trade.

● British Aerospace announced yesterday the sale of its 500th HS125 business jet, with a celebration gathering of 18 of the aircraft at the corporation's Hawarden works near Chester.

The 500th aircraft has been bought by Manufacturers Hanover Corporation of New York City, the fourth largest hank in the U.S.

It is the 300th HS125 sold in North America.

The other sales have been to 31 conntries, and earned Britisb Aerospace and Hawker-Siddeley, before its aerospace interests were nationalised, a total of over £400m at current values.

British Aerospace seeks improved jet engine

BY RHYS DAVID

BRITISH Aerospece is evaluating an improved American engine from Garret AiResearcb which could be incorporated in a new variant of its successful HS125 business jet.

The company switched from Rolls-Royce Viper to Garrett engines when the present 700 series variant was introduced in 1976. Since then, it has held talks with both engine manufacturers over a new, more powerful and fuel-efficient engine.

The Rolls-Royce contender, the RB 401, may now he developed. British Aerospace's interest has swung instead to an improved Dash 5 version of the existing Garrett engine, the TFE, which the company announced at a recent U.S. National Business Aircraft Association sbow.

The switch to Garrett gave the 125 700 series a 50 per cent increase in range to 2,600 milcs as well as improved noise levels. British Aerospace is looking for further improvements in both range and performance in any new engine.

Speaking at a ceremony at the Broughton Clwyd factory to mark the 500th 125 sale, Sir Austin Pearce, chairman, said the state-owned corporation was fully committed to the husiness jet market. Discussions were progressing within the company on whether to proceed with a new design or further modification to the existing aircraft, the biggest selling British passenger jet of all time.

"The current thinking is that there sbould be a new design, but I believe the cballenge to our engineers is to see if something more can be done to the 125 before we go to a new design," Sir Austin said. The corporation would hope to make the finance available for a 125 replacement in the 1980s on top of its other big civil commitments to the 146 and the Airbus.

Some 300 of the 500 125s sold so far et a current value of £400m have gone to the U.S., and a further 100 sold outside the UK.

The Broughton factory jnst across the Welsb border from Chester is building 125s at the rate of 37 a year. The order book is full until the end of next year.

Sales are down marginally this year as a result of the recession. But the company believes there is a trend, particularly in the U.S., away from larger business jets and towards medium-sized aircraft sucb as the 125 with a seating capacity of up to 14.

The Broughton factory, which also makes the wings for the Airhus, is amid a recruitment drive. Its labour force has increased by abont 700 within a year to more than 4,200.

The factory, in an area of high unemployment, has bad some 8,000 inquiries for jobs. It has taken on redundant workers from the nearby Shotton steel works of the British Steel Corporation.

GKN to lay off 320 more workers

By Our Scottish Correspondent

FURTHER evidence of the damage being sustained by the engineering industry came yesterday with the announcement by the GKN subsidiary, Scottish Stamping and Engineering, that it is to shed a further 320 jobs.

The company, based at Ayr, blamed the recession in the automotive industry which had drastically reduced demand for its products—forged crankshafts, axles and other motor components.

One of its largest customers was lost when the Massey Ferguson Combine Harvester plant at Kilmarnock closed earlier this year, and many of the other companies in the west of Scotland to whom it supplies parts, are now on short-time working.

The latest redundancies, due to take effect in December, follow a similar number announced in July and will mean that the workforce has been halved in six months.

Shop stewards said yesterday they would recommend to a meeting of workers ou Saturday that the rundown should be opposed.

The GKN announcement underlined the general decline in optimism by manufacturing employers, revealed in the CBI trends survey for Scotland publisbed yesterday.

The survey showed thet production levels have fallen over the past four months, and the forecasts for the coming four months are that the decline will continue.

The Baker Perkins engineering company at ePterborough is making a further 70 workers redundant. The company, which sells hakery and printing machinery throughout the world, said last night: "The deepening of the world recesslon bes made it necessary to reduce our operating expenses in order to remain competitive."

Car components company, Pianoforte Snpplies of Roade, Northants, is making 58 workers redundant less than four months after 100 employees lost their jobs, because of the industrial slump.

Short-time working in the Cowley car factories is expected to end at the end of November. Austin Morris bas decided to maintain Ital production on five days a week for the rest of the year. And the three-day week on the Maxi and Princess lines should also end next month.

Howe names two enterprise zones

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday added two more sites to the list of areas to be designated enterprise zones. They are Dudley and Corby in the Midlands.

He also said another zone in the North of England would be announced soon. Several councils have lobbied Westminster to be chosen, including Sheffield, Wakefield and Sunderland.

Sir Geoffrey, who made his announcement during the unemployment debate in the Commons, first put forward the idea for enterprise zones while in Opposition.

Then in his budget last April he took the matter a stage further by unveiling a list of places that were candidates.

It was left to the Prime Minister to announce the seven chosen during the last unemployment debate before the House rose for the summer recess.

The seven seeking designation—they cannot be officially created until tha Local Government Bill becomes law—are Clydeside, part of Belfast, the lower Swansea valley, Newcastle/Gateshead, Speke in Liverpool, Salford/Trafford Park in Manchester and the Isle of Dogs, London.

In the areas designeted, each of which is around 500 acres, there is to be exemption from development land tax, no payment of rates, 100 per cent capital allowances for commercial and indnstrial buildings and a minimum of planning regulations.

The choice of Corby shows the Government is also concerned about heavy unemployment, though this was not one of the original intentions.

Sir Geoffrey told the Commons yesterday that the creation of enterprise zones in the Midlands would "help to bring much-needed jobs and investment to these towns."

The areas chosen are the Earlstrees and Weldon estates in Corby and the Blackbrook Valley in Dudley, which ties between Brierley Hill and Netherton.

Michael Cassel writes: Details of the new organisation which is tn mastermind the regeneration of London's old docklands were announced yesterday hy Mr. Michael Heseltine, Secretary for the Environment.

The Minister said the London Docklands Development Corporation would have powers to develop an area based broadly on the boundaries of the present Docklands Joint Committee area, but with certain extensions and exclusions.

The area within the corporation's control extends to the west of the joint committee boundaries and includes the Royal Mint site and St. Katharine's on the north bank of the Thames. To the south, the aree of Bermondsey bounded by Jamaica Road, Tooley Street, the river and London Bridge are also included.

Portrait from Little Park auctioned for £12,500

SALEROOM

BY ANTONY THORNCROFT

A PORTRAIT, believed to be of Elizabeth I and attributed to George Gower, sold for £12,500 yesterday as Phillips disposed of the contents of Little Park in Enfield. The painting had been removed from Enfield Palace on its demolition in 1924.

At Sotheby's Belgravia a print of a photograph of Clementina Maude taken in the early 1860s by the celebrated amateur photographer Lady Hawarden made £3,200.

Christie's sold arms and armour for £112,570. A Flemisb flintlock sporting gun with silver gilt mounts of about 1814 was bought hy German, the London dealer, for £6,800, and the Glasgow Museum paid £6,500 for a pavise (a large shield) of the late 15th century.

The National Museum of Edinburgb was also a buyer, acquiring a pair of Scottish flintlock belt pistols of the early 19th century for £3,100.

Sotheby's sale of Old Master paintings did well with a total of £276,000 and only 14 per cent bought in. Richard Green, the London dealer, secured a wooded landscape with a gypsy family, signed and dated by Abraham Govaerts, 1614, for £32,000.

109 new production oil wells drilled

By Sue Cameron

A TOTAL of 109 new production wells were drilled in UK waters during the year ending in March, 1980—eight more than in the previous 12 months.

A report published yesterday by the Energy Department also show that the number of exploration and appraisal wells drilled during the period dropped by 25 per cent compared tn the previous year.

Only 46 appraisal and exploration wells were drilled on the UK Continental Shelf in the year 1979-80 compared tn 62 in 1978-79.

The report, published every year under the Continental Shelf Act of 1964, says that 79,137m tonnes of nil were prodnced from the 14 nilfields in the UK sector of the North Sea during the period. A further 37.175bn cubic metres of natural gas and 290,948 tonnes nf condensate were prodnced from the seven operating gas fields.

● The UK-based Triecntrol group has been granted an offsbore prodnction licence for Block 208/23 in the North Sea. The licence has been awarded under the Sixth Round of licensing agreements.

Haddan inquiry

MR. DAVID HADDON, former managing director of Ozalid Group Holdings, was rightly criticised by Department of Trade inspectors, an accountancy profession inquiry has found.

A committee chaired by Mr. David Rae Smith, senior partner of Deloitte Haskins and Sells, has preferred a formal complaint against Mr. Haddnn to the disciplinary committee of the Institute of Chartered Accontants in England and Wales in respect of some of the matters for which he was criticised in the Government report.

Word processor

NEXOS, the National Enterprise Board office equipment subsidiary, yesterday launched its first "new generation" (computer based typing) prodnct, a word processing system selling for £7,500.

Gas platforms

WILLIAM PRESS said yesterday (October 29) that it had won a contract to build three natural gas platforms in the North Sea for the British Gas Corporation. It also said it had also been awarded a £4.5m contract for two gas processing plants in Nigeria.

Belvoir plea

A PLEA to Mrs. Thatcher to save the Vale of Belvoir from Natinnal Coal Board plans for three super-mines, was made today by the Alliance, a gronp representing all major private objectors to the scheme.

Thorn sale

Thorn-EMI bas completed the sale of its medical nitrasonnd business to the Illinois-based electronics group, H. G. Fischer, for £1.6m, it was announced last night. The deal, agreed in principle in July, means that Fischer will take over the ultrasound divisinn of Nnclear Enterprises, the Thorn subsidiary based in Edinburgh, which is tn be re-named Fischer Ultrasound.

More transatlantic holidays from Jetsave

BY ELAINE WILLIAMS

JETSAVE, the transatlantic holiday organiser, annnunced yesterday that it is increasing capacity on North American holiday and flight programmes by 50 per cent, even thougb a gint of package bolidays is expected on the UK market next year.

The company is the fifth tour operator to announce increased programmes. Thomson—the British market laaders—Cosmos, Hnrizon and Intasun are expanding by between 12 and 20 per cent.

Last week Jetsave, taken over by Lord Grade's Associated Commnnications Corporation in May, signed a £30m deal with British Airways for the airline to fly about 250,000 Jetsave passengers ecross the Nnrth Atlantic next year.

Wide-bodied jets each capable of carrying 500 passengers will be used for flights from London, Cardiff and Manchester cities such as New York, Washington, Los Angeles, Miami, San Francisco, San Juan, and Toronto.

Prices for holidays start at £175 for a seven-night-stay in New York and include a £195 two-week package in the Caribbean. Jetsave says that, on average, inelusive holiday prices will be increased by only 3 per cent compared with 1980 with many holidays priced at lower levels.

Jetsave is also offering return flights to North America for the same price as British Airways' "Snper-Apex" low cost fares. Its cheapest return rate from London to New York will bc £185. Services will operate daily to many of the company's 17 destinations.

Jetsave passengers will be given free in-flight entertainment, cocktails, a duty-free voncher worth £2.50 and a U.S. discount shopping card. Jetsave also guarantees that there will be no surcharges on flights booked and paid in advance.

Last year more than 1m people travelled to the U.S. through holiday tour operators. Jetsave says that the market conld reach 5m by the late 1980s.

However, Jetsava is not limiting its business to North America and is looking at holiday opportunities in the Far East and Sonth America.

James McDonald writes: Erna Low, tha up-market holiday and travel organisation, is to hroaden its mainly European holidays hase. Next year it is offering a world-wide "Encompass" programme of holidays, inclnding China and the Far East, Sonth African safaris and Barbados.

The company, which merged last yearf with Conferences Services—part of the Abingworth group—will be offering 10,000 holidays in 1981, taking advantage, it claims, of economies currently offered nn fares and good class hotel

Foreign competitors led productivity in 1973

BY NICK GARNETT, LABOUR STAFF

MANY OF the more productive British manufacturing companies could have matched the productivity of foreign competitors during the peak performance period of 1973. But the average level of productivity in British plants was below the average in a number of competing countries.

This is the finding of a report by the Unit for Manpower Studies, to be published next month end summarised in the Department of Employment's Gazette.

The figures are based on a censua of 15 Industries taken seven years ago, and the report stresses that some of the possible gains in productivity thet some industries could achieve sbould be treated with caution.

It also makes it clear that there is insufficient data to analyse the reasons suggested for differences in productivity between plants.

But the Department believes many of the generalisations in the article would be applicable today even though many industries report a decline in productivity since the census was taken.

The enalysis, which sbows wide variations in productivity hetween plants within the same industry, is based on labour productivity where productivity is measured as gross value added per bead, where gross value added is total plant receipts, less its costs with stock-adjustments.

Productivity differences, therefore, could arise from the price of products and the mix of product manufacturing. But the summary says a substantial proportion of productivity variations would be attributable to differeoces in physical production per head.

In motor vehicle manufacturing there were 10 plants wbere output was helow £1,000 per man per year, while at the other end of the spectrum there were 10 plants with output above £5,000 per man year.

In the iron and steel industry, the three most prodnctive plants had average productivity more than 25 times higher than the three last productive plants.

The electronic computer industry was one of the most homogeneous in terms of productivity variations.

The report says the census indicates that there might be scope for increasing productivity. But it leaves unanswered whether such productivity increases would always be justified because there is e huilt-in assumption that extra outpnt can he sold at the aame price as existing output.

The report says productivity increases with plant size in most industries, it declines as the proportion of an industry's workforce covered hy collective agreements rises and there is a strong positive correlation between earnings and productivity.

There are various possibla explanations for these correlations, although the report says it appears that menual unions are more effective in increasing their members' wages that non-manual unions.

Industrial disputes figures, Page 10

The unemployment debate

Howe rejects action on interest rates

BY IVOR OWEN

DEMANDS for action by the Government which would lead simultaneously to lower interest rates and a substantially higher public sector borrowing requirement were flatly rejected by Sir Geoffrey Howe, Chancellor of the Exchequer, during the unemployment debate in the Commons last night.

In a speech which won a markedly tepid response from the Tory benches, he claimed that adherence to current policies offers the best prospect for easing the problems of industry and the unemployed.

The Chancellor not only made the now ritual denial of any possibility of a "U-turn" by the Government, but argued that the inflation rate was firmly established on a falling trend and asserted that the necessary conditions had been created for slowing the rate of monetary growth.

Re-affirming that the Government's principal objective was the defeat of inflation, he declared: "It would be total folly to abandon that policy when it is beginning to produce results."

Government supporters were only marginally more enthusiastic than the Opposition over his one announcement—that Dudley and Corby have been chosen as two possible new sites as enterprise zones.

He also promised that a decision on the site for an enterprise zone in the north of England would be taken shortly.

Mr. Anthony Wedgwood Benn (Lab., Bristol South East) seemed to sum up the frustration of many Tory MPs when he told the Chancellor: "Whatever the merits of your policy, you found it difficult to put them into words."

Mr. Geoffrey Rippon (C., Hexham), who has been leading the call from the Government backbenches for an immediate reduction in interest rates, asked if the Chancellor agreed that the record level of Minimum Lending Rate did have a significant effect on the sterling exchange rate.

He also asked the extent to which monetary growth would have to change before the Chancellor would consider reducing MLR.

Sir Geoffrey conceded that the level of interest rates did have an effect by attracting currency inflows to some extent, but he suggested that Mr. Rippon would have difficulty in finding an economic commentator who would agree that the high exchange rate of the pound was predominantly due to that influence.

He also pointed out that the upward movement of the pound over the last 18 months had pretty consistently exceeded the forecasts and expectations of most commentators.

The Chancellor contended that experience indicated that Britain's self-sufficiency in oil, the rising real price of oil and conditions in the Middle East were the most potent influences on the exchange value of sterling.

He warned that it would be prudent not to assume that lower interest rates, which were the objective of Government policy, would make a great difference to the sterling exchange rate.

Mr. Peter Tapsell (C., Horncastle), took over the questioning from Mr. Rippon by inviting the Chancellor to agree that if MLR were 2 per cent below the U.S. Prime rate, it would have a most helpful effect on the value of sterling.

Sir Geoffrey replied that even when the U.S. prime rate had been ahead of MLR sterling had continued to appreciate.

He pointed to the relationship between interest rates and the level of inflation in the U.S. and other countries and stressed that in terms of the rate of inflation, interest rates in Britain were still "barely positive."

Sir Geoffrey reminded the House that when Mr. Denis Healey was Labour's Chancellor of the Exchequer, he had maintained that the need for monetary control was inescapable.

He accused the former chancellor of having shifted his ground in recent months and challenged him to say whether he believed that the Government's monetary policy was too lax or too tight.

Mr. Healey intervened to declare that his charge was that Sir Geoffrey's monetary policy was far too strict and had been applied with unparalleled incompetence, with the result that it had come out at twice the stated target range.

Sir Geoffrey accused Mr. Healey of evading the challenge and went on to insist: "I have no doubt that we have created the conditions for lowering the rate of monetary growth."

Commenting on the current review of public expenditure programmes, the Chancellor acknowledged the need for some shifts to reflect changing circumstances.

Howe: "Total folly to abandon our policy."

He instanced the impact of the recession on nationalised industries and the higher spending resulting from the increase in unemployment.

Sir Geoffrey emphasised "All public expenditure must be paid for by taxation or borrowing. For all of us the arithmetic is quite inescapable."

Monetary policy 'a shambles,' says Healey

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S monetary policy has been pursued with an incompetence unparalleled anywhere else in the world and is now a "total shambles," Mr. Denis Healey, Labour's Shadow Chancellor, claimed when he opened the unemployment debate.

He predicted that the present state of British industry and the economy is nothing compared to what will happen next year when Britain faces a collapse in its exports.

Mr. Healey put forward Labour proposals which included an immediate cut of at least 4 per cent in Minimum Lending Rate, and the spending of £400m to alleviate the impact of unemployment.

He urged the Government to start serious discussions with the CBI and TUC to produce a more sensible approach to pay and prices. In addition, North Sea Oil revenues—amounting to £4bn this year—should be used for industrial investment and training instead of going "down the drain" to pay for unemployment.

The Government should promise every school leaver a job or job training by the Easter after leaving school, he said. A similar offer should be made to every person who had

Healey: "Government has broken every promise."

been out of work for more than 12 months.

There had to be reflation, he insisted. The Government must make good the shortfall in demand. The Chancellor, he said, should borrow in order to feed money back into industry and to cut indirect taxes and help the underprivileged.

After 18 months in office, he claimed that it was apparent that the Government had broken every promise on which it won the election. Mrs. Thatcher's economic policy was in ruins and the price of her failure was the increase in unemployment of 600,000 over the past 12 months.

British industry was reeling under the heaviest battering it had received since the 1930s, and there was still a lot more bad news to come.

"I gather that the Government's own assumption is that unemployment will reach 2.8m next year, which is more than can be handled by Government computers," he said.

The average couple on unemployment benefit were expected by the Government to live on £30 a week. This lack of purchasing power was bound to be reflected in sales by British industry and represented an "appalling tally of humiliation."

The people on the dole were hardly likely to be ordering the new Metro from BL.

Entire industries and regions were being brought down in ruins by Government policy. Efficient companies with worldwide reputations were going under. The industrial outlook was the direct consequence of Government policy.

The country was experiencing the most savage deflation of demand since the war. This has arisen as a result of the Government's decision at the beginning of the year to increase the burden of taxation by £3.6bn and to curb public expenditure by £5bn.

As a result of the collapse of public confidence, the savings ratio had risen to 15 per cent of income.

"We have had a reduction of about £15bn in demand in the current year," he protested.

"On top of all this deflation the situation is made much worse by the monetary policy which is far too strict."

The Chancellor, he said, had tried to control money supply by interest rates alone. But these excessive rates had not decreased company borrowing.

"The only effect of the excessive interest rates is that companies have had to borrow more to finance existing debts and we have offered foreign speculators a bonanza at the expense of the British taxpayer," said Mr. Healey.

A total of £4bn of hot money had flowed into Britain in the last 12 months. That had been the main factor in pushing up the value of the pound—a 30 per cent increase compared with the average of foreign currencies over the last 12 months.

The Government was claiming that all this was getting inflation down. Yet, if the Government was right in saying that there was an 18 to 24 months gap before the effects of a change in money supply were felt, then it must follow that the present reduction in inflation was the result of the last Labour Government's policies.

Sterling M3 had grown by 19 per cent since February. This meant that if the Government was correct in its arguments about the effect of money supply, then Britain faced an immense increase in inflation some time next year as a result of the Government's monetary incompetence this year.

The Prime Minister, whose personal style had been distinguished by a quite remarkable disloyalty to her colleagues, was now saying that the growth of money supply was the fault of the Governor of the Bank of England.

"Everyone is to blame but her," commented Mr. Healey.

Tactical win for NEC on PLP election

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

LABOUR'S National Executive Committee scored another tactical victory over the Shadow Cabinet about the proposed new system for electing the Labour Party leader yesterday as nominations for the leadership contest under the existing rules formally closed.

The Executive voted by 14 votes to five in favour of ignoring the Shadow Cabinet's request to delay sending local parties guidelines on how to set up a new electoral college until after Labour MPs had had the chance to discuss the formula.

This means that the idea of an electoral college, composed of MPs, constituency delegates and trade unionists, may gain credibility as the only practical option for widening the franchise before Labour MPs have decided which option they favour.

The Right saw the vote as a pre-emptive strike against their wish to extend the franchise to all Labour Party members.

Defeat for the Shadow Cabinet was a further sign of the rift between the Westminster leadership and the wider Labour Party leadership. The signs at yesterday's meeting were that this rift could well widen further as the two sides get down to detailed discussion on just how to honour the party conference commitment to widening the electoral franchise by some, as yet unspecified, means.

At the joint meeting of the Shadow Cabinet and the Executive, all four of the declared leadership candidates — Mr. Michael Foot, Mr. Denis Healey, Mr. John Silkin and Mr. Peter Shore — argued the Shadow Cabinet line in favour of delaying issuing the guidelines till MPs had had an opportunity to put their views forward.

But the most forceful defence of the Parliamentary party came from Mr. Healey who, when the nominations closed yesterday, was still the favourite to eventually win the leadership.

Though he said he was sure Labour MPs would agree a "widening of the franchise," he made no such prediction about them accepting the kind of electoral college favoured by the Executive.

He emphasised that the Parliamentary Labour Party was still bound by its earlier decision to oppose an electoral college and he stressed that no outside body could take away the rights of the PLP.

As nominations closed, the general assumption in Westminster was that Mr. Healey would be ahead on the first ballot but not by enough to ensure him the overall majority he needs.

The only candidate to come out into the open with his calculations was Mr. John Silkin, who confounded the other campaign managers by predicting that he would run Mr. Foot a very close third place in the first ballot.

His soundings of certainties, he said, showed that Mr. Healey had 84 votes in the bag, Mr. Foot 51 and himself 50. Mr. Shore, he claimed, could count on only 15 votes.

The other camps have been amazed throughout by Mr. Silkin's enormous public confidence which they have seen as the main plank of his campaign. They put his support nearer the 50 mark with Mr. Foot running Mr. Healey much closer in the first ballot, and Mr. Shore not far behind Mr. Silkin.

Warning on new prison powers

PEERS WERE last night told they faced a "difficult and distasteful" time on the Bill giving the Government sweeping powers to deal with the prison officers' dispute.

The warning, by Lord Hailsham, the Lord Chancellor, came at the start of a debate on the Imprisonment (Temporary Provisions) Bill—on which MPs had sat all Tuesday night in the Commons in the rush to get its measures into effect.

In the Lords, the Lord Chancellor said: "In some ways we have a difficult and distasteful day's business in front of us.

Britain owed a duty to people deprived of their liberty. "During their incarceration we all have a duty to treat them humanely and not to treat them to squalid and degrading conditions."

This duty had been given to prison officers, went on Lord Hailsham.

"But in the past as a nation we have not always succeeded in performing that duty,

In a democracy there were votes in building hospitals and schools. "There are no votes and there is much expense in building prison accommodation."

Lord Hailsham said both he, when he was shadow Home Secretary, and Lord Elwyn-Jones, the former Labour Lord Chancellor, had spoken of the dangers of taking a short-sighted but perhaps electorally attractive view of this fact.

"To some extent we are now reaping the reward of years of neglect," he added.

But he went on to praise Mr. William Whitelaw, Home Secretary, for his building programme, which would carry forward over the next 10 years, and the way he had tried to better conditions for prison officers and prisoners.

Lord Elwyn-Jones said the Bill gave "unprecedented powers to the Home Secretary, enabling him to "override decisions of the courts and make inroads into civil liberties."

"The Army is given tasks by requirement of this Bill which I am sure all ranks will find distasteful," he said.

"We are testing their loyalty a great deal in submitting them to this." But, he said, he was sure they would do their best.

Revenue urged to act on the black economy

BY TIM DICKSON AND MAURICE SAMUELSON

THE INLAND Revenue was yesterday urged to take tough measures against the "black economy" under which up to £3.5bn in tax is lost to the collection system each year.

The call for action came from the all party House of Commons Public Accounts Committee in a report* which also attacked what the PAC said was an unacceptably high rate of errors affecting receipt of pay-as-you-earn income tax.

Undeclared income from the "black economy" now dwarfed all other problems faced by the tax collection system, according to the committee.

The amount of undeclared income has been estimated at £12bn a year, or about 7½ per cent of the UK's Gross Domestic Product, meaning a loss in revenue each year of between £2bn and £3½bn.

Mr. Joel Barnett Labour MP for Heywood and Royton and the committee's chairman, said that if the Inland Revenue failed to increase its effectiveness, the committee would be very concerned and would seek the reasons when the department next gave evidence to it.

The committee accused the Inland Revenue of not devoting sufficient attention to the "black economy" and urged it to undertake a "comprehensive review" to identify areas where a "concerted attack" might produce results. It should also consider the need to strengthen the department's powers of investigation if evasion could not be tackled successfully under existing powers.

The Revenue already carries out selective examinations of taxpayers' accounts. But according to the committee a different aproach was needed to detect "moonlighting," or secondary income sources.

The first requirement was "to identify the indsutries and locations in which the moonlighting was taking place and its extent i norder to judge the investigative resources to deploy."

The department has already tackled one or two areas where tax evasion was particularly blatant, but the approach required in further probes would vary from case to case. Other countries had used more extensive powers to investigate individuals' tax affairs. "This was not an approach which had hitherto been considered in this country; but the department might eventually need to do so," the MPs' report said.

The committee is also unhappy about the lack of effectiveness of checks now being carried out against individuals under a system introduced in January 1977.

The Inland Revenue had originally expected that about 5 per cent of the accounts of individuals and partnerships would be selected for thorough examination each year. In practice, though, the proportion of Schedule D accounts examined remained at about 2.5 per cent and of company acounts only 0.25 per cent.

In the field of PAYE, the Accounts Committee was told of the errors as a result of a special exercise in 1978 involving a series of test checks.

These revealed that there was a 27 per cent rate of errors on assessments and error rates of 12 and 14 per cent respectively on coding and on examination of returns. Extrapolation over the whole country would result in tax under charges of about £25m and over-charges of about £18m.

The PAC says its report "is seriously concerned about this situation, because it must tend to undermine the confidence of taxpayers in the PAYE system."

"In order to justify public confidence in this major area of the country's taxation system, the department must maintain effective monitoring arrangements and an adequate allocation of staff resources for this and for achieving reasonable standards of accuracy

Committee of Public Accounts, 29th Report, session 1979-80; Board of Inland Revenue and HM Customs and Excise; Stationery Office; £4.60.

MPs rebuke IBA on Fourth channel

BY ROBIN REEVES, WELSH CORRESPONDENT

THE INDEPENDENT Broadcasting Authority was taken to task yesterday for having no clear idea of the proportion of Welsh television viewers who switch their aerials to English transmittters to avoid Welsh languarge programmes.

The rebuke was delivered by MPs at the opening session of the Comons Welsh Affairs Select Comittee inquiry into the proposed Welsh language television service on the new Fourth channel.

After an initial round of questions to Sir Brian Young, the IBA director general, Mr. Leo Abse (Lab., Pontypool), the committee chairman, said they considered it irritating there was such a paucity of viewing statistics, given the public expenditure involved.

Engineering industry deal wins crucial approval

BY PHILIP BASSETT, LABOUR STAFF

FINAL acceptance today by engineering unions of an 8.2 per cent increase in national minimum rates was assured yesterday when the industry's dominant union, the Amalgamated Union of Engineering Workers, approved the recommended offer.

The offer, the first stage of the industry's two-tier bargaining system, has been acclaimed by Sir Geoffrey Howe, Chancellor of the Exchequer, and other Ministers, as evidence of a "new realism" among trade union negotiators.

Technically, the engineering section of the AUEW could be out-voted at today's meeting of of the executive of the Confederation of Shipbuilding and Engineering Unions, which conducts national-level pay negotiations for the industry with the Engineering Employers' Federation.

The General and Municipal Workers Union has voted against the offer against the recommendation of its officials, because of its provisions for the semi-skilled, but the GMWU can muster only 180,000 votes out of the total confedaration voting strength of 2.5m.

Against that, though, will be ranged the AUEW engineering section's 770,000 votes, and those of the two other unions which have so far notified their acceptances to CSEU officials—the Transport and General Workers, with 450,000 affiliated votes, and the AUEW foundry section, with 54,000—as well as those unions which are expected to declare their support today.

The deal will raise the national minimum skilled rate from £73 to £79 a week, and the unskilled rate from £52.50 to £56.80. These rates may be improved in the second, local, stage of the negotiations.

The policy-making national committee of the AUEW engineering section voted yesterday by 28 to 24 first to reject a Left-wing motion opposing the deal and calling for further talks, and then to accept a motion "reluctantly" agreeing to the settlement.

le btrsistedaObsCa-ls

Union Left-wingers drew some comfort, though, from the fact that one delegate switched his expected vote from the Right-wing side, which would have made it 29-23, to give the final result.

Mr. Terry Duff, AUEW president, said the union had been "hurt financially" by last year's strikes over pay and hours, and that this year, given the "parlous" state of the industry, people were being "realistic." He said the union was a good barometer of trade union opinion and that the deal was the best that could be obtained without a struggle.

● Delegates representing 22,500 white collar workers at BL Cars voted yesterday to call off an overtime ban in protest at plans to implement 3,300 compulsory redundancies.

BL has agreed to defer the redundancies by six weeks to January 5 to allow more time for volunteers to come forward. But the deadline of March 31 for completion of the redundancy programme remains.

The first mass meeting to consider a call by leaders of the 73,000 manual workers for a strike in pursuit of an improved pay offer voted overwhelmingly to stay at work.

The 500 employees at Alford and Alder the steering components subsidiary at Hemel Hempstead, rejected the demand for militant action.

Fewer days lost by industrial disputes

BY NICK GARNETT, LABOUR STAFF

WORKING DAYS lost through industrial disputes during the first nine months of this year were under half the number lost during the same period last year, which included part of the "winter of discontent" during the Labour Government.

Provisional figures show that 11,600,000 working days were lost from January to September this year, compared with 25,200,000 during the same period last year.

Slightly more than 700,000 workers were involved in disputes this year, compared with more than 4,300,000 in the first nine months of last year.

Figures in this month's edition of the Department of Employment's Gazette show that pay matters were far and above the biggest cause for disputes.

Redundancy, however, has become a significant issue. The number of workers involved in stoppages over redundancy questions was second only to those involved in pay disputes.

The provisional figures show the loss of 190,000 working days as a result of disputes during September, a rise over the previous two months but still below those of the early summer. The number of workers involved in disputes during September is estimated at 31,000.

The New Earnings survey for April, 1980, the first results of which are given in the Gazette, shows that between last year's and this year's surveys average gross weekly earnings of men over the age of 21 in full-time jobs rose to £124.50, a rise of just over 22 per cent.

Earnings for women over 18 in full-time jobs rose by almost 25 per cent to about £79.

Pay to non-manual employees increased more than for manual workers. For men, this was 24½ per cent compared with 20 per cent, and for women slightly above 25 per cent compared with just below 23 per cent.

The survey highlights the very small percentage effect of lower overtime working on earnings. For male manual workers, this provided 14 per cent of their average gross weekly earnings of £112 in April this year, compared to 15 per cent last year.

The decline was principally due to the fall—from 59 to 54 per cent—in the proportion of male manual workers receiving overtime payments rather than to a fall in overtime earnings.

Average gross hourly earnings of women, excluding overtime, were about 73.5 per cent of those for men, slightly higher than last year.

Reductions in hours worked in the 12 months to June this year kept the percentage increase in average weekly earnings of adult male manual workers in engineering, shipbuilding and chemicals below the corresponding increase in average hourly earnings.

Average gross weekly earnings of full-time adult men in June were slightly under £105 for a 41½-hour week. Skilled workers averaged over £113 for 42 hours, semi-skilled £98 for 41 hours and labourers just over £86 for 42 hours.

These increases are 17 per cent, 12½ and 14½ per cent respectively over figures for June last year.

Firemen to defy limit and seek 20% rise

By Pauline Clark, Labour Staff

LEADERS of Britain's 35,000 firemen appear set to table a pay claim of more than 20 per cent in defiance of the Government's policy to keep public sector wage settlements in single figures this winter.

The claim could present a major headache to local authority employers who have been told that this year's cash limits will assume pay settlements in line with Government policy.

They have already warned other council workers' groups that high wage demands could lead to serious cuts in jobs and services.

But Fire Brigades' Union leaders have already warned that firemen will neither accept a break with the pay formula negotiated after their nine-week strike, nor redundancies which would affect fire service standards.

After the 1978 pay strike, firemen's wages were linked for two years with outside comparators to enable them to catch up with earnings of skilled manual workers three-quarters of the way up the national average league.

The firemen will return to the negotiating table next month for the first time since the strike, and they will seek to preserve the link. This is spite the Government's moves to do away with pay comparison formulae in the public sector as evidenced by its decision this week to suspend pay research for civil servants.

Alongside publication of the latest New Earnings Survey showing an above 20 per cent rise in earnings for skilled workers, Mr. Ken Cameron, general secretary designate of the FBU, warned the Government against any attempt to break the firemen's pay links.

In the latest issue of the union's journal, he said: "There must be no U-turn in respect of the maintenance of our pay formula won by the sacrifices of firemen, their wives and their families during the nine-week strike.

"The pay formula was designed to reflect the skills of firemen and to take the fire service as an emergency service out of the arena of having to take industrial action in pursuit of a decent living wage."

If the pay formula was relinquished, he warned, firemen's living standards would fall within a very short time. "This would mean the membership being faced with taking strike action again."

The firemen have also warned they will recall their national delegate conference if there are redundancies in the service.

Maternity plan under fire

THE NATIONAL and Local Government Officers' Association condemned the Government proposals for changes in maternity benefits yesterday as "an erosion of the right of working women to an adequate, independent income during maternity leave."

Pointing out that all three proposals in the Government consultation document A Fresh Look at Maternity Benefits involved abolition of wage-related maternity pay and substitution by a grant or allowance of lower value, Miss S. K. Smith, chairman of NALGO's equal opportunities committee, said: "The Government is again building into maternity provision a concept of women's dependency.

"The proposal to replace maternity allowance and maternity pay with a single lump-sum maternity grant is a clear indication that the Government believes that the woman's place is in the home, since maternity grant is a contribution towards the cost of the baby and not income support for a woman temporarily away from work."

"What is needed if we are to take a fresh look at maternity benefits is an injection of additional finance rather than a reshuffle of the same niggardly resources."

Plea on import controls

A BULLETIN is to be issued by trade unions today to workers at Vauxhall Motor's Dunstable and Luton plants, drawing attention to the scale of motor imports.

The bulletin urges Vauxhall employees to buy British-made products and to lobby MPs on the question of import controls.

It follows the setting-up of a joint committee at Luton and Dunstable representing manual, white collar and managerial unions. A similar committee has been created at Vauxhall's Ellesmere Port site.

Help urged for energy industries

GOVERNMENT INITIATIVES to protect the future of Britain's energy industries were sought by the TUC fuel and power industries committee when its members met Mr. David Howell, the Energy Secretary, yesterday.

Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union and leader of the delegation, said afterwards that some policy changes were expected. Nevertheless, he was disappointed by the meeting.

In view of the Government's declared strategy of developing the coal industry, Mr. Chapple said it was surprising it was prepared to allow imported coal to weaken the industry.

The strategy of importing 4m tons of coal meant that 20,000 miners' jobs would go, a significant social factor. The TUC committee wanted urgent backing for the coal industry, similar to that provided by the West German Government.

Key points stressed to Mr. Howell included the fact that alone among coal-producing EEC countries, the UK has no import controls on coal from outside the Community. West Germany has had such controls since 1959.

The National Coal Board has to compete with heavily subsidised coal produced by other EEC countries, including West Germany, which last year paid £14.85 a ton direct production subsidy, compared with £1.62 a ton in the UK.

There were also other forms of aid which took the total West German subsidy to £35.2 a ton, compared with £2.03 in the UK.

The German subsidy was also open-minded for each pit. It automatically increased to cover any rise in the price gap between domestic and imported coal.

Mr. Chapple considered that this was as effective as import controls. If Britain had similar subsidies, he said it could sell coal cheaply and as a primary producer.

The TUC committee also called for an early public inquiry over the pressurised nuclear water reactor to facilitate an informed debate.

It welcomed a decision to proceed with the North Sea gas gathering pipeline. But it emphasised the need to ensure that the British Gas Corporation act as sole distributor of the gas in order to guarantee public accountability and control.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● SAFETY

Soluble fuse is the heart of new alarm

AN EARLY alarm system which detects presence of oil and certain dangerous chemicals in water has at its heart a simple, replaceable thin "plastic" film fuse which is dissolved by hydro-carbons releasing a sealed microswitch which, in turn, triggers an appropriate alarm or control sequence through a conventional current or radio transmitter.

This has been developed in France by Nereides in co-operation with the Institute of Francais du Petrole and will now be available in the UK through the pollution division of Minster Aviation, Bournemouth (Hurn) Airport, Christchurch, Dorset (02016 79842).

The oil activated fuse is mounted in a holder carried in a customised buoy which can be tethered or anchored in rivers, lakes, estuaries or open sea, and monitors the surface film.

Reaction time to a thin film of pollution varies from a few seconds for pollutants such as kerosene or high grade fuel oils, to several minutes for heavier oils.

Fuse is made of a thin plastic film specially developed by IFP to rigorous standards and is highly sensitive to most hydro-carbons—particularly to crude oil and a number of other refined products. It is stable to water and atmospheric conditions.

French authorities are now pressing for legislation to make the use of the detector mandatory in all tanker loading and unloading operations. This would involve a string of units surrounding the operational area.

Further uses for the device could include aviation fuel run-off in airport drains, and the monitoring of industrial pollutants in sewerage systems.

A more sophisticated version of the Oil Detector IFP is designed to be air launched by parachute to stabilise descent. Here, an rf transmitter and flashing beacon are actuated by sea water contact and the VHF signal modulation is altered on detection of hydrocarbons. Radio and flashing beacons have a 48-hour and 30-day life, respectively.

The British agent for Nereides operates both fixed wing and helicopter charter services and offers a ground support facility and consultancy service.

● RESEARCH

Plastics and pesticides

TWO STUDIES — on the reclamation and recycling of plastics in the UK, and the crop protection pesticides industry in selected European countries—are now available from Industrial Aids, 14 Buckingham Palace Road, London, SW1 (01-828 5036).

Various sources of waste plastics and the ways in which they can be handled are discussed in the first study which also makes estimates of the quantities arising from each source and recovered for re-use.

Consumption of crop protection herbicides, insecticides and fungicides, in terms of active ingredients, in the four major EEC countries amounted to about 160,000 tonnes in 1979, and is expected to remain broadly static over the period to 1985. This is one of the main conclusions of the other report.

Toxic waste turned to commercial advantage

BY RHYS DAVID

TOXIC ACID TAR wastes, which have previously had to be disposed of in dumps, are now being turned into valuable energy in a new fluid-bed incinerator installed by Tenneco at its Avonmouth works near Bristol.

The incinerator, which can be adapted to run on a variety of other fuels from carpet waste, paper, rubber and plastics to coal or oil, is the result of 2½ years' work by Deborah Fluidised Combustion, part of the Wakefield-based building equipment group, Deborah Services.

Deborah has spent around £500,000 on commercial development of the incinerator, designed originally by Power-Gas in the 1960s. The system was later acquired by Sterile Disposal Plants of Darlington which has licensed Deborah to manufacture and sell the incinerator in the EEC and North America.

The Avonmouth installation, which Tenneco says is working well, was supplied at a cost believed to be around £140,000, and is expected to pay for itself in about 18 months. The system gives Tenneco the ability to dispose of up to 2,500 tonnes a year of acid tar waste at an estimated saving of £40 per tonne in conventional disposal costs. In addition the incinerator is meeting Tenneco's steam requirement of 6,000 lb per hour producing energy worth a further £100,000 a year.

Against this there are offsetting costs of £60,000 a year for labour, maintenance and other charges, together with £40,000 for support fuel—mainly substandard waste fuel oil. Both the thermal efficiency and the steam output of the system have proved to be greater than first expected, Mr. Stuart Boyle, a Tenneco director reports.

The acid tars produced by Tenneco through its re-refining operations contain about 38 per cent sulphuric acid and 0.5-2.0 per cent lead, and the company had been studying a number of options for their disposal. The problem posed by incineration was ensuring that temperatures in the furnace were kept low enough to avoid volatilisation of the lead and excessive SO_3 formation. According to Deborah this problem has been solved by the special design of its fluidised bed, which it claims overcomes the limitations encountered in conventional beds.

Air enters at the base of the chamber through a distributor plate inclined to the horizontal, and further air is introduced tangentially at the top, increasing circulation. High turbulence is achieved through this patented design and combustion intensities of 800,000 btu/ft³/hour are possible at temperatures of 850C. The exit gas temperature is around 350C and is high enough to avoid acid moisture condensation in the stack.

Testing of the system for emissions is still being carried out by the Alkali Inspectorate but it is not expected there will be any serious obstacles to full approval. Particularly stringent standards have to be observed by companies in the Avonmouth area because of the past history of high lead concentrations in the area as a result of lead smelting operations.

Deborah, which has built up to a turnover of £21m since starting as a scaffolding supplier 12 years ago, is hoping to attract four orders a year for plants of the type now installed at Tenneco.

The UK alone produces an estimated 250,000 tonnes of acid tar wastes a year which is increasingly difficult to dispose of, Mr. Arthur Britton, Deborah's chairman points out, as landfill sites become scarcer. The company is also looking for licencees to take the system into the EEC and the U.S.

The company is now concentrating its development work on scaled-up and scaled-down versions of the incinerator. Scaled down versions, could, Deborah believes, enable many small to medium-sized factories, generating, for example, substantial quantities of plastics or other similar wastes, to satisfy all their own space-heating requirements from internal sources.

Deborah Fluidised Combustion, 6, Davy Drive, North West Industrial Estate, Peterlee, Co. Durham (0783 867411).

● ENERGY

New heat pumps from Toshiba

FOR COOLING in summer or providing winter heat, three self-contained heat pumps just put on the market promise high efficiency with low cost, announces Toshiba (UK), Toshiba House, Frimley Road, Frimley, Surrey (0276 62222).

Virtually silent in operation and when used as heaters delivering around 3 kW of heat for each kilowatt of electricity used, the company sees the units as particularly beneficial to offices, shops, surgeries, restaurants, banks, etc.

They are all "through the wall" models and feature two-stage variable fan speeds, choice of high/low heating and cooling settings, automatic temperature control and automatic disposal of condensed water.

All three are designed to operate from a single-phase 240V 50Hz power source.

This is the Trantor, an all-British fast transport and multi-purpose tractor with a top road speed of 55 mph. It has been designed to operate on steep land and will also do most of the jobs suitable to a medium-powered tractor such as harrowing, spraying, forklift loading, muck spreading and rotavating. The vehicle can carry six seated passengers plus the driver and tow up to 12 tons. The Trantor is powered by a Perkins 80 hp diesel engine with synchromesh gearbox with a specially designed transfer box to give 10 forward gears and two reverse gears linked to a 60 hp rear power take-off. Test vehicles are available at local dealers and details can be obtained from the manufacturer Eva Manchester, Sandford Lane, Manchester M19 3FX. (061-225 9142).

● MATERIALS

Protects against fire

CLADDING BOARD containing exfoliated vermiculite and binders guarantees up to four hours fire protection for structural columns and beams and is intended primarily for protecting steelwork, says UK agent Industrial and Marine (Coatings), Brue Way, Wallrow Trading Estate, Highbridge, Somerset (0278 787634).

Made in Austria by Isovolta AG the board is said to be safe and easy to handle and work using a pneumatic mailing gun for fixing.

Able to be worked with normal wood working tools, the board will not rot or deteriorate and although it can suffer a loss of strength through total water saturation this completely recovers on drying.

● RECYCLING

Finding uses for scrap

FREE SERVICE being offered to members of the Birmingham Chamber of Commerce enables those with waste products to make contact with others who might find such effluence of value to them.

It is not intended for the use of commodities such as scrap metal, or to cause any conflict of interest with established local dealers, says BCI, 75 Harborne Road, Birmingham (021-454 6171).

The idea is to make members aware of the opportunities that exist, and to show what is available. Dealers are welcome to inquire about advertised products but will not be able to offer their goods through this channel. Because of this reason, BCI will vet offers when appropriate. It will be responsible for introducing one party to another but will not be involved thereafter.

Range of materials included in its first notice "Waste Exchange Scheme" include powder coatings, industrial stoving paint, used pallets and cartons, waste paper and surplus packaging, plastic drums, used sawdust, wood shavings and offcuts, chemicals, old accounting machines, steel wire, and synthetic products impregnated with abrasives.

● DATA PROCESSING

Language that chops the chores

IF TRENDS now becoming clearly discernible in the U.S. software industry are spread to the UK and Europe, managers of computer facilities may soon be at their wits' end to find enough programming staff just to keep their heads above water, let alone tackle new projects.

This stems from the fact that across the Atlantic there is a rapid migration taking place in which programmers are being attracted into application software companies—that is problem solving groups—as these grow at a rate of some 30 per cent a year and thus offer much more attractive advancement opportunities than elsewhere in software work.

According to HSA Inc. the number of programmers per general purpose machine in the U.S. will have fallen to 1.9 by 1985 from 2.9 in 1975 and while the UK tends to trail between two and five years behind the U.S. market in general terms, good software staff have been at a premium in European countries for several years now.

Thus, any development that can help a data processing manager to cut down on routine work should be welcome. In this category belongs MEL (for Macro Expansion Language) which, typically, will reduce the time taken to convert a given commercial problem to computer code by half, while cutting the error rate to one-third.

The basis on the development was the observation by its originators, Melvyn Morris and Dermor P. O'Loughlin of Forward Computing, that in writing code, some 95 per cent of the work involved restating static expressions, the remaining 5 per cent only being variables. In producing a sequence of Cobol instructions, for instance, some 40 per cent would be set down to satisfy the compiler that all was correct.

The development consists in leaving to a pre-recorded disc all the routine instructions that do not change and allowing the programmer to originate a series of instructions rather than produce line after line of code.

Applicable initially to machines from the ICL stable, the MEL facilities can be extended to programming in any language and on any machine.

The basic equipment—disc, batch editor and Cobol development package—would come to £7,000 for outright purchase. The MEL developers say that, in a centre employing three programmers, the equipment and method would more than pay for itself in a year just in time-saving alone. The value of error reduction is hard to assess. It could be more important still.

Forward Computing (Costain Group), 1 St. James Place, Nechells Green, Birmingham B7 4JF. 021 359 7086.

All about plastics

A MONTHLY digest of statistics on plastics and synthetic rubbers is to be published as from January 1981 by Yarsley Research Laboratories, Ashtead, Surrey (Ashtead 76391).

Called "Polymerics" it will summarise facts and figures published in the world's technical press, with a brief explanatory abstract, where applicable.

It will be sub-divided into: materials, processing, end-uses and applications, and will be available on annual subscription at £120.

● COMPONENTS

Valve with new lining

TEXCEL of St. Albans have launched a new pinch valve with its surfaces lined with Teflon. The advantage is that the new Teflon liner (the non-stick, non-wetting surface of frying pan and fountain pen fame) can be flexed continuously without cracking due to a new formulation and stress relieving process.

The new valve is the first in a range called the Series 75 TFE; a handwheel valve, it can easily be adapted to pneumatic or electric actuators.

The valve body is available in cast iron, ductile iron or aluminium. Texel is on 0727 54482.

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

MARKETING UNDER PRESSURE:

Scaling the solid stone wall between word and deed

HAS MARKETING had its day? The question is intended as neither provocative nor rhetorical. Yet it is a sign of the times that the marketing community feela harried and pressed, to the extent that it is at present restating what marketing can do, and what it cannot.

In a recent espousal of marketing's cause, Hugh Davidson, author of Offensive Marketing, among the best books of its kind of the past ten years, felt obliged to spell it out.

It was important, he said, to be realistic: "The best marketing in the world cannot solve basic production problems. Marketing is an approach to business. Its role is to relate the strengtha of the company to the opportunities in the market place."

Studies of the British economy, he said, had repeatedly suggested numerous ways in which British marketing could be improved. These included greater top management commitment to the marketing approach; reduced emphasis on price and more on quality and value; greater concentration of effort across fewer countries and categories; speedier rates of change to meet new market needs, and the introduction of the marketing approach tn whnle industries where the phrase was alien.

At the same time (Mr. Davidson's career includes spells with Procter & Gamble, United Biscuits and International Playtex: he now runs his own consultancy) there was no evidence to suggest that Britain was any worse than its European competitors in the marketing respect.

The major problem was less identifying consumer needs than meeting them competitively. The key changes necessary were higher productivity and more practical innovation.

In like vein, John Lidstone, deputy managing director of Marketing Improvements, was to be heard at the start of this week insisting that marketing was the business of "creating customers by looking at your activities through the consumers' eyes, and identifying and supplying value satisfaction at a profit. . . . The term 'marketing orientation' should be banned from the vncabulary of all businessmen and women. There is only good marketing or no marketing."

The problem, it may he felt, lies in estahlishing marketing's role in such a way that the diverse range of skills and disciplines and attitudes the word embraces are both grasped and acted upon, which is easier said than done.

The prognosis is not bright.

"When it comes to the marketing concept today," wrote Theodore Levitt more than a decade ago, "a solid stone wall often seems to separate word from deed. In spite of the best intentions and energetic efforts of many highly able men, the effective implementation of the marketing concept bas generally eluded them."

That was in 1969. In 1979, in the reprinted edition of his book, Mr. Davidson was writing that "moat marketing men today do a maintenance rather than a development job. This does not imply either a lack of vision or misallocation of priorities on their part. It merely reflects a situation where they are hampered hy such a bevy of day-to-day pressures that they are unable to find time for the really important longer-term priorities like developing new products, innovating fresh distribution channels or thinking up breakthrough ideas. The recurring crises, the fires to be put out, continually force the attention of marketing men back into the present."

It is no surprise that those who most fervently helieve in marketing employ a grass roots vocabulary: they talk of research and innovation and the profitable satisfaction of consumer needs, whereas others, some in advertising agencies, some in marketing departments, mistake the whole for its parts or, which is worse, define it as the total business operation.

Instructively, it was the chairman of an advertising agency, Jeremy Bullmore of J. Walter Thompson, who most recently and succintly insisted on the grass roots approach. He was discussing advertising, bnt did so only in the context of its relationship to much hroader issues.

"The most important thing of all," he said, "is that companies bave got to make or provide goods or services that people want. All the evidence suggests that price is not the dominant factor. It is satisfaction: 'Have I got my money's worth?'."

Advertising, in part, produced a feedback. "Yon have got . . . to find out wbat real people are looking for and think about wbat you make, and that feeds right back to research and development, innovation, recognition of social change, recognition that price is not everything and that value is by definition unquantifiable."

The reason that Japanese car importers had made such inroads in Britain was not because they had apent more on advertising per car, which tbey had, but becanse they had found out what kind of car people wanted, huilt it, and told them that they'd got it.

He cited Lever Brothers as a prime example of a British manufacturer that understood the difference between cost and value — that people would pay more for a product (in this case Persil Automatic) that delivered more.

Of course it sounds easy, but the gulf between marketing word and deed is once again being argued as one of the root causes of decline: not as great, probahly, as outmoded plant or low prodnctivity, nor as immediately pressing as interest rates and the state of the pound, hut insidious and destructive, all the same.

The choice of Lever was not a random one. The process by which Lever has achieved market dominance in UK soaps and detergents, where total UK sales are more than £400m but where the rivalry of the main protagonists (Lever, P & G and Colgate) ia violently intense and the pressure on margins so great tbat Lever alone bas boosted output-per-employee by 46 per cent since 1975, has already been described.

But tbe moral bears repeating. According to Len Hardy, tbe Lever chairman: "In a market like our's, where margins can be perilous and there are relatively high fixed costs, volume is the key to productivity and efficiency."

How was this achieved? Andrew Seth, the Lever marketing director, says that in markets that are generally static, Lever had successfully "challenged the notion that you cannot expand via marketing growth; in markets that are expanding, we have got in fast with very strong hrands and sold aggressively."

In a fuller context, little comfort can be derived from the latest forecast of market research spending produced by Martin Simmons of Gordon Simmnns Research. The past three years were boom years for research. Between 1976 and 1979, the value of research commissioned in this country doubled from £43m to £85m, an increase, adjusted fnr inflation, of more than a third.

Yet according to Mr. Simmons: "There will certainly he a real decline in market research expenditure this year (aee table) which is likely to continue into 1981, with 1982 a year of stagnation. Research expenditure in real terms is likely to decline by 10 per cent between 1979 and 1982."

In a closely related field, product and service development, a rather less hleak view is taken by KAE, the development specialist, which in its latest review says thera is little sign of drastic budget cutbacks, and that many companies are indeed spending more.

"There is also a great deal of short-term development of a very different kind," says KAE, "concentrating generally nn low-risk, low-capital projects covering nld product development, line extenaions, improved plant utilisation, R and D work aimed at cutting production costs, and agreements to absorb higher sales and distribution overheads."

The picture is unclear, hnt what is at risk is all too obvious.

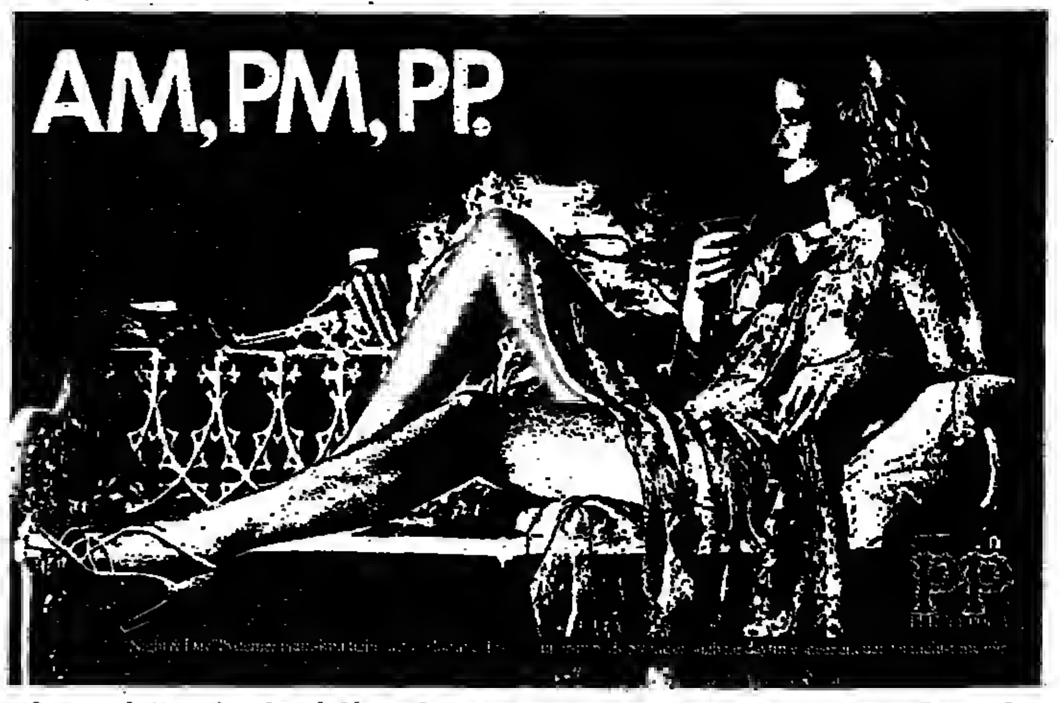
Mr. Lidstnne says that the rewards of proper marketing will he two-fold: "In the immediate future, nnly the chance to keep our jobs. But in the longer term we will be able in pay our way." He says that wben that day dawns, it will be unnecessary to ask the qnestion: what is marketing?

Offensive Mnrketing. J. H. Davidson. Pelican Books, reprinted 1979. £1.95.

FORECAST UK COMMISSIONED RESEARCH

	Turnover (£m)	Indexed turnover (current prices)	Indexed turnover (1979 prices)
1979	85	100	100
1980	94	110	95
1981	100	118	90
1982	110	129	90

Source: Gordon Simmons Research



One marketeer that has bridged the gap between word and deed is Pretty Polly, the Thomas Tilling subsidiary, named today as nne of the top winners in the Institute nf Marketing's National Marketing Awards for a second year running (see story below). Sales last year were a record 100 per cent up on the previous year.

NATIONAL MARKETING AWARDS

Tesco and Pretty Polly show how

PRETTY POLLY, the Thomas Tilling subsidiary and one of the largest branded hosiery manufacturers in the world, has won the Institute of Marketing's National Marketing Award in the category for companies whose turnover is between £10m and £50m. Tbis is tbe first time since tbe awards were started in 1961 that the same company has won the award two years running.

Winner in the £50m-plus category was Tesco Stores, the UK retailer. Sutcliffe Catering Group, which in the past five years has become Britain's largest independent contract catering company, was the winner in the £2m-£10m category. Tbere was no award in the category below £2m.

Pretty Polly is among the most fêted marketing companies in Britain, having won national awards for both poster and radio advertising (its agency is Collett Dickenson Pearce).

Since 1957 it bas raised output of hosiery from 10,000 dozen pairs per week to 240,000 dozen.

The judges cite four fundamental policy decisions as central to its success: promotion of the Pretty Polly hrand across the widest range of outlets; encouragement of supermarket sales; high investment in quality plant, thus limiting import penetration in a declining market, and "sustained, significant" advertising.

Last year, Pretty Polly had record sales up 100 per cent on the previous year, earnings of more than 40 per cent on capital employed and leadership in the grocery sector with a 40 per cent share.

In Tesco's case, the judges cite its policy of stores rationalisation (there were nearly 800 in 1977; now there are less than 600 with a turnover in excess of £1.5bn), the revamp of its corporate image, the launch of Operation Cbeckout and the move to improve presentation in its stores. Result: a virtual doubling of its sbare of packaged grocery sales.

Despite the worsening industrial climate, say the judges, Sutcliffe Catering Group had won 100 new contracts in its last financial year for a total client list in excess of 800. Turnover had reached £60m and UK employees numbered 7,000.

INTERIM PROFITS UP 59%

Time of cheer at Geers Gross

ADVERTISING'S mood of optimism is not a flight of fancy. True, yesterday's interim statement hy Geers Gross, the smaller of London's publicly-quoted agencies, relates to the six months to June 30, 1980, a period awash in post-ITV strike revenne. But it was cheering, all the same.

Turnover for the first-half was 29 per cent up, at £19.6m, reflecting new business gains late last year. And there was a 59 per cent rise in pre-tax profits, to £352,927.

In New York, it says, its merged agency, renamed Geers Gross Advertising, is now a "strong, single $70m nnit under one roof." It had resigned Grand Marnier, and had lost National Car Rental, hut these losses had been countered hy significant growth from clients like Kraft and Fuji Film.

In London, it has lost Optrex, thongh new husiness growth has continued with gains like KP Dry Roast Nuts, Peter Dominic, Westminster Wioes and Exchange and Mart. There had also been good growth in its Bristol Myers husiness.

"Across the board, despite many economic forecasts to the contrary, client spending has been maintained or increased."

Similar tidings are expected to peel forth when Saatchi and Saatchi reveals its 12-month figures, if the share price is anything to go by.

Company News, Page 25

Etcetera

In the latest hatch, Masius is credited with £62.2m, a gain of 37 per cent, against £59m for J. Walter Thompson (+45 per cent) and £58.2m for Saatchi and Saatchi (+34 per cent). McCann has gone quiet: up 15 per cent at £49m.

Masius has gained Talbot and McDonalds so far this year, and expects fully-pukka billings for 1980 to grace £74m.

Others prospering in the MEAL atakes include Collet Dickenson Pearce, 51 per cent higher at £45.8m, Young and Rubicam, 63 per cent better at £31m, Allen Brady and Marsh, 51 per cent higher at £26.6m, and Dorland'a, 68 per cent up at £24.6m. In 17th spot, Geers Gross was 105 per cent better at £16.2m.

Back on top

● The agency MEAL figures that spring forth quarterly often spread comfort and light —not least, in the year to September, 1980 at D'Arcy-MacManus and Masius, which is once more back on top.

The figures, from Media Expenditure Analysia, cover adjusted rate-card expenditure in main consumer media. They sometimes wobble about, but are a good reflection of trends.

Microbranding

● Sign of the times: Currys Micro Systems, which hopes to have 20 Micro C outlets open by next spring, has introduced its own branded microcomputer, the Micro C 2000. It is being manufactured by the Pertec Computer Corp. of California and is directed at business, educational and local authority users.

It's a handy box of tricks: a total system with its own video display screen, the only optional extra being a Texas Instruments 810 printer. Tbe complete system, including printer, costs £7,034, including VAT but not software.

According to MD Derek Moon, Currys had initial teething with its first four micro boutiques, but they have been surmounted.

It opened three new ontlets this month (Southampton, Leeds and Exeter). Like the existing four, they are shops-within-shops and sell a full range of hardware, software and systems equipment.

In addition to the normal range of accounting and "office administration functions," the Micro C 2000 undertakes many specialised tasks, from reconciliation of bank statements and cost estimation to maintenance of medical records. What *did* we do before?

Point-of-dump

● The naked ingenuity of the advertising business knows no bounds. In a bid tn upstage the latest craze for Trolley-Ads (ads on supermarket trolleys), as well as ads on parking meters, a company in Waltnn-nn-Thames is launching Envirobins, aimed at capturing consumer attention at the "Point-of-dump."

Envirobins are "aesthetically pleasing, squat bottle-shaped containers that will be sited in shopping centres, car parks and shopping precincts so that shoppers may hurl away accumulated empty bottles before venturing in to shnp.

According to Envirobins Ltd.: "Advertising space is being offered on the bins. A premier space will be offered called a 'crowner,' which is sited on top of the bin and can revolve on its own axis."

The bins will hold 6,000 bottles and are to be emptied three times a week, the collected bottles being sold by the local authority concerned for recycling.

"Recycling glass on this scale," says Envirobins, "is estimated to save the equivalent in prime fuel nil costs of £3.5m for every 250,000 tonnes of glass re-cycled."

PERSONNEL CARRIER FOR DAD'S ARMY.

Carrying eight adults or children in the same vehicle, without having to pile them in like suitcases, can prove to be a bit of a battle.

Unless, that is, you have a Citroën 8-seater.

Its enormous interior will swallow the lot, plus all the supplies and space guns needed for a full weekend's manoeuvre. And allow all the occupants to face forward.

Unlike so many other estates, ours is not a saloon car with an extended roof.

It's a full 10" longer and purpose built for the job.

What makes it unique amongst 'personnel carriers' is its hydraulic, or as we like to call it Hydropneumatic suspension.

This means that no matter what load it's carrying the car will stay level.

Even towing a 3/4 ton caravan or boat makes no difference.

Keeping your head level on the road has many advantages.

Driving is safer and easier, since the handling is virtually unaffected. And it's more comfortable to ride in.

You can also adjust the ground clearance from inside the car, giving you a defence against bumpy campsites and awkward slipways.

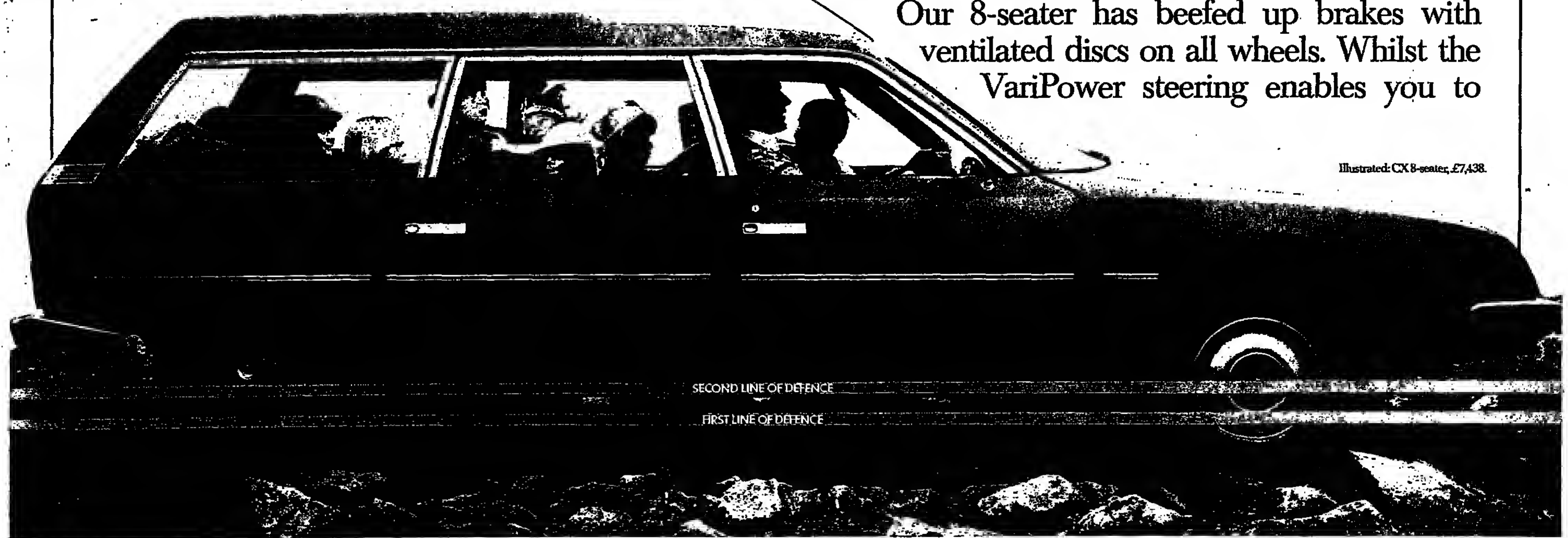
Our 8-seater has beefed up brakes with ventilated discs on all wheels. Whilst the VariPower steering enables you to park, even fully laden, with a little more than your finger. Yet gives you precise, stable steering at high speeds.

Even in the event of a 70mph blow-out, you can drive the car to safety, on a straight or a bend.

Now if you're thinking that this 'work horse' is as spartan as a jeep, you're very wrong.

It's every bit as luxurious as our saloon. Yet it costs around £7,500.

Proving that as far as we're concerned, eight people can travel as cheaply as five.



Illustrated: CX 8-seater, £7,438.

CX 2400 Super Familiale (illustrated) £7437.62, or with C-Matic transmission £7802.65. CX 2500 Diesel Super Familiale 5-speed £7995.75. CX Safari 5-seater Estates available from £7301.83. Prices include Car Tax, VAT and inertia reel seat belts, but exclude Delivery Charges £105.80 (inc. VAT) and number plates. Prices correct at time of going to press. All Citroën Cars have a 12 months unlimited mileage guarantee. See Yellow Pages for your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Tel: Slough 23808.

CITROËN CX 8-SEATER.

JOBS COLUMN

Wily executive's guide to self-protection

BY MICHAEL DIXON

"HOW MANY of you have inspected your contract of employment within the past year? Hands up!"

To count the response to his question Greville Janner, Labour MP and Queen's Counsel with e penchant for employment law, hopped on to the high stool on the platform. For he is by no means a tall man. Before he spoke at e previous session of last week's Institute of Personnel Management conference, the cheirman introduced him as "the gentleman sitting on my right." As it happened, Mr. Jenner was standing. But he makes up for his lack of height, and such unfortunate references to It, in energy and ebullience.

The session ha was now conducting was entitled "Personnel menager—protect yourself" or, in Greville Janner's words, "how to be dismissed as unfairly as possible." The audienca consisted of roughly 200 personnel managers, plus the Jobs Column which attended as the self-appointed representative of other kinds of managers.

The count of raised hands showed that ahout two-thirds of us had not recently inspected our employment contracts, and Mr. Janner looked stern. "I suppose a lot of you think that you've got gentlemen's agreements with your employers?" he remarked. A good many heads were seen to nod.

"Well, there's no such thing as e gentlemen's agreement with your employer," the speaker went on. "A gentleman employer is someone who is not only prosperous, hut also proof against being taken over. And at times like these hardly any of them exist. So look to your employment contract.

"The law's protection is only a general safety net. The protection you need as individuals, particularly if you're not in a union, is the rights you acquire by contract. So you have to bargain to achieve the maximum possible protection in your terms of service."

Take entitlement to notice, for example. Only a few hours previously Greville Janner had asked Jim Mortimer, chairman of the Advisory, Conciliation and Arbitration Service, what form of protection he would most seek if he were a business-company maneger or specialist today. And Mr. Mortimer had opted for as long a period of notice as possible.

But by itself, the law is niggardly with notice. It allows one week after four weeks, service, two weeks after two years, and a further week for each extra year up to 12 weeks for someone who has served a dozen years or more. Moreover, employers do not like to give more than this minimum entitlement, hecause it can mean coughing up extra redundancy pay. And employers cannot recover from State funds more than 41 per cent of the minimum statutory redundancy pay, which peaks at £3,600 after 20 years' eervice.

"So your real protection lies in the period of notice specified in your contract," the Labour MP weot on. "You should aim at 12 months, ask for at least six, never accept less than three months." He looked stern again as another count of hands showed thet a third of the eudience had in fact accepted less.

Keep watch

Could such reckless folk be expected to act on his further dictum—to keep constant watch for signs of impending trouble, and secure yourself accordingly? Mr. Janner seemed to doubt it. But he spelled out the details all the same.

If danger appeared to he looming for the organisation, do your best to get another job before it arrived. Then if voluntary redundancy were offered, you would be well placed to take advantage of it. "But never resign. Insist on being dismissed end make sure of your redundancy pay."

By the same token, shore up wherever possible the pay and other benefits cited in the employment contract. It was possihle to convert an informal arrangement into a formal one hy writing a letter of confirmation. For instance, tha hoss could be sent a letter saying: "I write to thank you for my annual bonus. While this is my entitlement, of course, the company's never-failing prompiness in paying It is deeply appreciated . . . " It would he a rare boss who replied rejecting the claim in the letter. Most would probably just file it, perhaps feeling gratified. And remember that the employment contract's specifications as to holiday pay, pension rights, end even a car should, if part of your remuneration, be taken into account in determining your rightful compensation for redundancy.

A question came from the audience. If a Board minute recorded a director of a company as stating that it would continne to be as generous with redundancy settlements as it had heen in the past, would thet minute constituta a contract?

"No," the speaker replied. "But it could be very emharrassing for the Board. Get a copy."

Shore yourself up also, he eaid, against any moves hy company colleagues that might lead towards dismissal. For example, if someone made a complaint to you or about you, justify yourself in a written reply, and keep a copy, again at home. "Why not handwrite it, and take a photocopy? Be cunning." Any industrial trihunal considering claims of unfair dismissal set great store hy documents. Therefore document yourself at all times.

Bnt it was not only for possible claims to an industrial tribunal for unfair dismissal that you might gain advantage from such precautions, plus detailed knowledge of your contract's stipulations as to place and hours of work, and suchlike. The same would be valnable in case of an ection for wrongful dismissal, hrought in a County or the High Court where, unlike industrial tribunals, there was an entitlement to legal aid.

Tactical delay

Either way, however, you must do your best to find another joh hefore your proceedings against your previous employer stood to become public knowledge. "Suppose you're in contention for another job, and the company concerned learns that you've sued your last one," Greville Janner declared, pointing above the heads of his andience like an orchestral conductor calling in the trombones. "They're not going to say: 'We'll appoint him; he's clearly got initiative,' are they?"

Where industrial trihunals are concerned, a claim for unfair dismissal must be hrought within three months of the date when the contract was actually terminated. But if another job has not heen found within this period, the claim can be made and the onset of proceedings still delayed. If you are called to an official appointment with a view to getting the case moving, for instance, a prior engagement at a job interview is e vary handy excuse.

On the whole, however, Mr. Janner expected the number of claims to industrial tribunals to diminish. For one thing, it seemed likely that an increasing proportion of people losing their job would do so through redundancy, and redundancy was almost by definition "fair" dismissal.

For anolher thing, tbis month's changes in the regulations covering industrial tribunals looked bound to make their proceedings more expensive.

So the best policy for e manager or specialist taking action against a former employer was not to be one of the 72 per cent of claimants whom industrial trihnnals rejected, nor even one of the 28 per cent who won their case. The hest policy was to he one of the 60 per cent whose claims were settled by mutual agreement with the employer.

"The importance of knowing your law is not to win cases but to avoid going to law in the first place," the QC said. And whirling his arms to call for a *crescendo*, he added: "Now all together: who wins law suits?"

With one voice, the audience roared: "Lawyers!"

Multi-currency Deposit Dealer

Middle East

A major bank in the lower Gulf requires a senior deposit dealer to set up and manage a multi-currency book of $500 million. The successful candidate will be responsible for establishing the bank in the marketplace and increasing the profitability of this function. Based in the Middle East, he will be a member of a small team and will work closely with the bank's dealing rooms in Bahrain and London.

The position calls for someone with at least five years experience as a multi-currency deposit dealer in the London market. He will need good direct dealing relationships as well as a thorough understanding of the major international markets and the strategic implications for the liability management of the bank.

The bank offers a competitive base salary free of local tax, free furnished accommodation, a car and other generous fringe benefits.

Please reply to: Box FT/645,
St. James's Advertising & Publishing Co. Ltd.,
Hanway House, Clark's Place, London EC2N 4BJ.

NEWLY QUALIFIED ACA?

CAREER IN CORPORATE FINANCE

Salary guide £8,000

As a result of recent expansion, our client, one of the most prestigious merchant banks and a leader in corporate finance, has an opening for a highly motivated and career-minded accountant. The successful candidate will be involved in mergers and acquisitions and will be responsible for preparation of documentation as well as providing financial advice. Applicants should be newly-qualified accountants with a good honours degree and possess the maturity to liaise and communicate with a range of diverse clients.

Majella Feely on: 01-580 3536

Alison Harding Limited
BANKING RECRUITMENT UNIT

Chief Executive

Property Management over £25,000

In addition to the direct management of residential property, a UK company is concerned with a substantial portfolio of investments by offshore companies, advising non-resident directors and implementing their instructions.

This new appointment is designed to strengthen the chain of command and financial controls. The role will present considerable challenge, matched by the satisfaction of tangible achievement. Some overseas travel may be expected.

Candidates should preferably be Chartered Accountants in their 40's with direct experience of property management, able to demonstrate success in financial control, treasury matters and bank negotiations.

Applications, which will be treated in confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to P. J. Williamson quoting reference 933/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

BANCA SERFIN, S.A.

SERFIN

A PRIVATE MEXICAN BANKING INSTITUTION

CREDIT ANALYST

This is an excellent opportunity for a career-orientated individual with at least two to three years' experience in credit analysis to join the recently opened London Branch of Banca Serfin S.A.

The successful candidate must be able to read and analyse financial statements in Spanish, prepare country reports, organise and submit for approval credit facilities to banks and corporations and assist in the organisation and administration of syndicated loans.

A full competitive salary scale and benefits package is offered.

Please apply in confidence to:
NIGEL R. GODWIN
Vice-President & European Regional Manager
BANCA SERFIN S.A.
Winchester House
77 London Wall
London EC2N 1BE

BANCA SERFIN S.A. was formed in 1877 as a result of the merger of the Banco de Londres y Mexico (founded in 1864) and four other Mexican Banks. It is one of the largest full service banks in Mexico.

This is an equal opportunity appointment.

Business Development

Two separate opportunities - Home Counties c.£12,000 and to £10,000

The current strategy of a major British quoted international company with an excellent growth record and a strong balance sheet is to accelerate growth by further acquisitions and diversification both at home and overseas.

The Director responsible for business development needs a replacement senior executive and another slightly less experienced person to give his team immediate extra strength.

Both positions require a high calibre person capable of working at Group Board as well as operating company level. Experience should lean towards marketing rather than finance, and industrial in preference to consumer markets. Candidates ideally will be 25-35 and have a good degree, blue-chip training, marketing management and/or consultancy experience with commercial nous.

It is probable that the senior post will have particular responsibilities for acquisitions and the less senior for new product/market research and for the development of existing divisions: however the mix of talents, experience and ambitions of the people selected will influence the final details. Career prospects include moving to an area you yourself develop. Salary and terms covering typical large company benefits with relocation will be negotiated. Replies (to include a detailed cv) will be sent unopened to our client, a leading recruitment consultancy retained to advise on these appointments. Complete confidentiality is assured. Senior post candidates should quote ref. 725/1. Other candidates should quote ref. 725/2. Write to: T. L. Roberts, Director at:—

Whites
Whites Recruitment Limited, 72 Fleet Street, London EC4Y 1JS
Offices: Aberdeen, Bristol, Glasgow, Leeds, London, Manchester and Wolverhampton.

OVERSEAS DEVELOPMENT

KNOW-HOW-vital to developing countries

Financial Adviser — Guyana

To work with the Principal Assistant Secretary (Finance) and be responsible to the Chief Executive officer of Plant Maintenance and Hire Division; Advise management of P.M.H.D. on administration of Finance Section of Division, assist with design and implementation of systems including training accounts staff and revision of accounts procedures; advise on all matters relating to financial planning ie estimates, provision of working capital, sources of income and expenditure etc. Applicants, U.K. citizens with experience at similar level some of which gained in private enterprise. Formal qualification in Cost and Management accountancy or similar field essential. Overseas experience desirable age limit 60 years.

Appointment 18 months. Salary in range £11,000 to £13,000 PA, UK taxable. In addition, a variable tax free allowance in scale £1,155 £3,595 PA according to domestic circumstances.

The post is wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention.

For full details and application form please apply, quoting ref. E328D stating post concerned, and giving details of age, qualifications and experience to:—

Appointments Officer,
OVERSEAS DEVELOPMENT ADMINISTRATION,
Room 301, Eland House,
Stag Place, London SW1E 5DH.

ODA

HELPING NATIONS HELP THEMSELVES

A Financial Operations Route To The Top

The fastest growing Company in Canadian consumer marketing has a unique opportunity. Evaluate the operation – find more effective ways to manage the business.

European Auditor

They are money makers – expansion is inevitable for the Company and for you. If you have a formal qualification with at least two years experience then join this young dynamic team now!

Substantial rewards and certain advancement for the right performer – call or write quoting Project Number L0102.

24, Buckingham Gate, London SW1. Tel: 01-834 7966.
Offices in Toronto, Montreal, Calgary, Vancouver and Houston.

The Caldwell Partners
Executive Recruiting

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Assistant Chief Accountant

Shipping
Central London, to £10,000

A young accountant with energy and drive is needed by a leading shipping company to join their accountancy team. The successful candidate will control a small staff and take responsibility for the management and financial accounting relating to a fleet of ships in several companies. This will involve working closely with operating staff to ensure the flow of accurate information. Ideally applicants will be aged 24 - 28, recently qualified ACA, ACCA or ACMA with some exposure to the commercial world. Whilst enjoying the status of a major company, our clients have retained a cosmopolitan and personal atmosphere which will appeal to the younger accountant. Prospects and benefits are excellent.

N.P.S. Lilley, Ref: 22234/FT. Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

INVESTMENT SERVICES

City — to £15,000

The London merchant banking arm of a major continental bank, long established in the City, intends to recruit an additional executive to strengthen and expand its investment services activities.

The person appointed will initially be involved in the development and marketing of new investment products, as well as in the existing activities, centred on securities investment services for major international investors.

An entrepreneurial outlook, marketing flair and a good ability to communicate effectively at all levels are requirements for success. Fluency in a major European language would be a distinct advantage.

The successful applicant is likely to be aged between 26 and 36, with an academic background and/or a professional qualification. He or she will have enjoyed sound experience in the fields of banking or finance in general, possibly gained with a merchant bank or a major stockbroker.

A competitive remuneration is offered, together with an attractive range of benefits, including concessionary mortgage facilities.

Real promotion and career prospects are provided in this fast-growing unit in the U.K. as well as in the group as a whole if desired.

Please send full details in confidence to

Box A.7335, Financial Times,
10 Cannon Street, EC4P 4BY.

Managing Director

(SALES & MARKETING)

Home Counties — beyond £20,000

A leading manufacturer of mobile capital equipment operating through a world-wide network of distributors and subsidiaries with appropriate parts and service support has achieved an enviable and sound financial base for further substantial growth.

Achievement of future objectives demands total understanding of international marketing, ability to control a large professional team, implicit skills in financial control, planning and negotiation and a record of success at senior level in a relevant industry. Preferred age 35-45.

A wide range of benefits is negotiable, including relocation.

Candidates, in the first instance, should please send a detailed career history to the consultant advising on this appointment quoting reference 713/B/FT.

Alfred Bates
International Recruitment Division
WESTGATE HOUSE 9 HOLBORN LONDON EC1N 2NE
01-242 1964

INTERNATIONAL BANKING

GRADUATE CREDIT ANALYST(S) — c. £8,000

Prominent N.Y. bank seeks one or more young bankers whose credentials for an eventual marketing role include a good degree, a second European language and sound basic credit training.

EUROCURRENCY LOANS ADMIN. — £5,000 - £7,000

Opportunities arise in two quite recently established London branches of international banks for a young banker, c.25, with sound practical experience and preferably some supervisory ability.

FOREIGN EXCHANGE 'BACK-UP' — c. £6,000

Small but well integrated international bank needs someone with good experience of all aspects of the F/X support function and who can cope with the pressures of growth.

The above is but a selection of our current list of career opportunities. To discuss your own particular requirement, please telephone either:

Ann Costello or John Chiverton A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
31 SOUTHAMPTON ROW
LONDON, WC1
01-242 5841

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

The following are among our more urgent current assignments:—

BUSINESS DEVELOPMENT £15-18,000	Commercial banker, graduate aged 30-40, to take major responsibility for prominent European bank's U.K. lending.
EXPORT FINANCE £16-20,000	Banking background. Age 28-38, with a creative approach and substantial experience in arranging structuring export/project finance packages.
F.X. DEALERS £12-20,000	Senior F.X. dealing vacancy at London branch of major New York bank. Several other City-based appointments available, also one Dublin-based vacancy.
FUND MANAGER c. £12,000	For a leading merchant bank. Age 27-35; several years' relevant investment experience, preferably including pension fund management.
LEGAL OFFICER £ negotiable	To head the Legal Department at a prominent European bank's London branch. Qualified commercial lawyer aged 28-40, experienced within a financial institution.
ASSISTANT CONTROLLER c. £12,000 + bonus + car	A.C.A., 2 years' p.q.e., for front-rank U.S. investment bank. U.S.-style reporting/analysis, liaison at senior management level. Training (3-6 months) in U.S.A., clear promotion route over 2-year period.
E.D.P. AUDITOR to £13,000	Aged 27-40, with E.D.P. experience in bank operations, systems development/implementation or audit. Knowledge IBM/DEC hardware preferred.

For further details of these and other opportunities, please telephone Kevin Byrne or Brian Gooch.

First floor – entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Reed Executive

The Country's most successful Recruitment Service

Asst. Corporate Controller

Brussels Based **c £12,000**

An international group engaged in the manufacture and marketing of cosmetics as well as owning a mail order company is seeking a Chartered Accountant, preferably with experience of international companies. Reporting to the Group Financial Director, you will be responsible for the financial accounting function including the quality of financial reporting throughout the Group, corporate consolidations and corporate compliance reporting. During the first year you will be required to travel up to 50% of your time. You should have the drive and ambition to progress to a Controllership within the next few years.

Telephone: 01-836 1707 (24 hr. service) quoting Ref: 06067/FT. Reed Executive Selection Limited, 55/56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates

MAX FACTOR

Planning Managers

Max Factor, an international brand leader in the cosmetic field, is seeking two Senior Planning Managers to fill newly-created positions in its UK operations.

The successful candidates will have demonstrated records of international accomplishment in corporate planning and financial analysis or be recent top graduates with an MBA or equivalent degree.

The positions require the ability and maturity to work with senior U.K. and U.S. management in the formulation of long-range plans and in the analysis and presentation of strategic options. A command of applied analytical and planning disciplines is essential as are strong communicative skills—both written and oral. The potential for individual advancement and increased responsibilities is key to the selection process.

The planning function will report to the Deputy Managing Director and will provide staff planning support in forecasting, bugeting, profit analysis and strategic planning.

The remuneration package fully reflects the seniority of these positions.

Applications will be treated in the strictest confidence and should be addressed to Royston Webb, Personnel Director, Max Factor U.K. Group, 16 Old Bond Street, London, W1. (Tel: 01-493.6720.)

GUINNESS

COMPUTER SYSTEMS AUDITOR — DUBLIN BASED (ACA or ACCA)

Guinness Ireland wish to recruit a qualified accountant with at least 3 years experience in auditing either in practice or withio a large commercial group and with an aptitude for and a special interest in D.P. auditing.

Guinness Ireland is the holding company for all Guinness interests in Ireland. Tha post offers scope for candidates wishing to develop their computer auditing skills over a wida variety of business activities.

The appointment has arisen through internal promotion. Tha Guinness Group ancourages career development and provides training relevant to the individual and company needs.

Salary is negotiable but will not be less then IR£9,000. A wide variety of fringe benefits will apply. Relocation expenses will be payable also.

Please write with full details to:

Chief Accountant
Guinness Ireland Limited
St. James's Gate
Dublin 8.

Taxation Assistant

We have an opening in London in our taxation department for someone with practical experience in UK taxation. You will deal with the taxation aspects of general trading problems and prepare corporation tax computations, including capital gains. Some knowledge of personal tax matters in connection with staff employment and of development land tax would be an advantage, although this is not essential.

You should have a professional qualification in accountancy or taxation as well as several years' post-qualification experience of company taxation. Preference will be given to candidates under 40 years of age.

The salary offered will be commensurate with age and experience. In addition we offer a wide range of company benefits. Please write or telephone for an application form to:

Shell International Petroleum Company Limited, (FT), Recruitment Division, PNEL/23, Shell Centre, London SE1 7NA. Telephone: 01-934 2495.

Shell

AMERICAN MAGAZINE
seeks experienced

BUSINESS JOURNALIST

to act as London Bureau Chief. General reporting and writing responsibilioes.

Send CV and salary requirements to:

Box A7337, Financial Times, 10 Cannon Street, EC4P 4BY

SRI International

Management to exploit advanced

Biotechnology

SRI International, formerly Stanford Research Institute, is a "not-for-profit" professional consortium developed from Stanford University of California. It combines laboratory research and industry specialisation with management consultancy. It has ovar 3000 permanent staff in more than 100 disciplines with a fee income of £70 million per year.

Corporate policy is giving priority to international operations. London provides the basa for assignments coveong Europe, the Middla East and Africa.

Life Science Laboratories include a Cellular Oncology and Physiology Programme, a Cell Growth Programme, and a Bio-Medical Research Laboratory. Industry Divisions specialise in problem solving and policy formulation. Those already established cover Health, Food, Energy, Agriculture, Chemicals, Forestry and Minerals.

We are seeking an executive to lead and build a naw London based industry division to co-ordinate and consolidate our consultancy activities to Industry and Government in the broad field of Biotechnology. Tha executive appointed will have preferably a background in tha Biological Sciences and should be fully familiar with the latest advances in biotechnology, such as genetic engineering, hybridomas, single cell culture, or supported enzyme and cell systems.

Experience in industry at an international level, particularly related to the profitable application of biotechnology, is of prime importance.

A reasonable amount of travel, mostly in Europe, should be expected.

A salary commensurate with experience but around £20,000 plus usual fringe benefits is anticipated. Candidates interested in discussing this opportunity should write to: H.F. Robert Perrin, Director – Management & Economic Divisions, SRI – United Kingdom, 24 Buckingham Gate, London SW1E 6LB.

SRI International

International Investment

Major Accepting House

Our client is one of the major forces in the investment scene. They seek to strengthen their international iovestment team which manages funds for and advises central banks, international pensioo funds, insurance companies and other international portfolios.

Investments are managed on a global basis and are in both equity and fixed interest markets. The operation is City based. Our client seeks two people with an aptitude for this area of investment and a good intellectual standard.

Senior Fund Manager — to £18,000

This appointment, which is at senior level, calls for a Fund Manager with at least five years exposure to either international fixed interest or equity markets.

The work will include some travel and will necessitate client contact and new presentations at the most senior levels. Age 28-38.

Fund Manager — to £14,000

The emphasis here is more on an Analysis/Economist with some Fund Management experience. Exposure to international markets is essential and knowledge of the major European Stock Markets a particular advantage. A Degree and/or professional qualification is required. Age 23-32.

The remuneration packages quoted include both salary and bonus elements. A subsidised mortgage, oon contributory pension and other benefits are in addition. A car can be negotiated within the remuneration package.

Full details please to Colin Barry on Overton Shirley and Barry, (Management Consultants), Second Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1884.

Overton Shirley and Barry

JAMES CAPEL & Co.

EXCEPTIONAL OPPORTUNITY IN U.K. EQUITIES

We are looking for an additional executive for our U.K. Institutional Equity Department, who is enthusiastic to join a friendly and professional marketing team which works closely with a Research Department of the highest calibre.

The successful candidate is likely to be a graduate in his or her twenties, and may have a professional qualification or some experience of the stock market gained either with a broker or investing institution.

Emoluments will be very competitive.

If you think you might be interested, please ring or write in confidence to:

Peter Quinnell,
James Capel & Co., Winchester House,
100 Old Broad Street, London EC2N 1BQ
Tel: 01-588 6010

Project Financing

Banque de la Société Financière Européenne, one of the largest international merchant banks, requires for its Project Financing Department, a young

Petroleum Engineer

He will be responsible for analysing projects on a technical and financial basis and will be involved in structuring financings and in the preparation of their documentation. Additionally he will actively contribute to the Department's marketing activities and assume client relationships.

Applicants, preferably aged between 26 and 30 will meet the following requirements: B.S. or M.Sc. degree in Petroleum Engineering. At least two years experience in production, reservoir and economic analysis in the oil/gas sector with a major international bank or corporation. International financial experience would be a substantial plus. Fluency in English and preferably a working knowledge of French. Other languages, particularly Spanish, would be an advantage.

Applications with detailed curriculum vitæ will be treated in the strictest confidence and should be sent to:

BANQUE DE LA SOCIÉTÉ FINANCIÈRE EUROPÉENNE
F. Perlewitz, Manager, 20, rue de la Paix - 75002 Paris.

Loan Officers
International Banking

SECURITY PACIFIC, a leading international baok, with assets of $25 billion aod over 550 branches worldwide, invites applicatioos from experienced Bankers, male or female, for positioos in Internatiooal Banking. Significant expansion has created opportunities for prospective Lending Officers to market the Bank's services to domestic and multi-national corporatioos, including banks, in Europe.

The Bank offers a full range of services to it's customers throughout the world and the responsibilities of these positions will include credit control and analysis and the developmeot and servicing of new relationships.

These assignments offer loog term career development opportunities for self starters who cao demonstrate oegotiating skills and clieot handling ability and are ready to accept the challenge of producing results in a competitive environmeot.

You should bold a degree or professiooal qualification, have a stroog background in financial analysis and fluency in a second European language would be an advantage. Highly attractive salaries will be commensurate with qualificatioos and experieoce aod we offer a full range of generous fringe benefits.

Career details should be sent to:- Patrick J. O'Hara, Assistant Vice President, Security Pacific National Bank, 2 Arundel Street, Loodon, WC2R 3DF.

BROWN, SHIPLEY & CO. LIMITED

Merchant Bankers since 1810

and a Member of the Accepting Houses Committee

wishes to recruit for its CORPORATE FINANCE DEPARTMENT an Executive who will be in late 20's/early 30's. The preferred candidate will probably be a graduate who is also a qualified Accountant, Lawyer or Business Graduate, with either experience in the Corporate Finance Department of another Merchant Bank or relevant experience in a firm of Accountants or Solicitors.

Starting salary would depend on qualifications and experience and would include appropriate benefits associated with this type of employment.

Please reply in writing, in confidence, to:

The Staff Manager,
BROWN, SHIPLEY & CO. LIMITED,
Founders Court, Lothbury,
London, EC2R 7HE.

ASSISTANT OPERATIONS MANAGER

Age: Late 20's **to £11,000**

In order to qualify as a serious contender for this key role with a leading European Bank, you must be able to demonstrate an in-depth knowledge of the Settlements cum-Processing aspects of international banking. The successful candidate will have at least 5 years general operations background and be capable of supervising and motiva-ing a large team, under the guidance of the Operations Manager. This is a genuin. career opening with excellent prospects for advancement, non-contributory pension scheme, 4 weeks hols., etc. Please Contact MARK STEVENS.

JUNIOR LOANS AGENCY OFFICER

Age: 20-23 **c. £5,000**

This excellent opening with an expanding European bank calls for a good working knowledge of the administrative aspects of euro currency syndicated loans from inception to maturity, and offers the opportunity for a bright, ambitious person to assist one of the Bank's Loans Agency Officers. Excellent career prospects and benfits (inc. mortgage facility). Please contact TREVOR WILLIAMS.

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

General Manager

Straits Properties Ltd. Singapore

Straits Properties Ltd., a subsidiary of Straits Steamship Co., is a leading property investment and development company in Singapore with total assets of S$260 million. The General Manager will undertake overall responsibility for the management and strategic development of the company. He will oversee the management of the company's investment properties and new projects. He will seek development opportunities, evaluate their feasibility and propose development projects to the Board. The ability to perceive and appraise both current and future market opportunities is essential.

The requirement is for an outstanding executive with wide experience and proven success in property development and management. Salary is negotiable up to S$120,000 pa and could be increased for an exceptional candidate. Normal overseas benefits will apply including housing, assisted education and six weeks annual UK leave with passages paid. Preferred age 38-45.

Please send comprehensive career details quoting Ref: 2052/FT to:

PA Consulting Services Pte. Ltd.

Personnel Services Division, Suite 310 Cathay Building, Mount Sophia, Singapore 0922.

PA

A member of PA International

INTERNATIONAL METAL TRADING COMPANY

opening a petroleum products trading division and is looking for an

OIL TRADER

to head the division's commercial operations.

Candidates must have extensive experience in international petroleum products trading and be ready, willing and able to relate income to performance.

Applications accompanied by complete resumé will be treated in strictest confidence and should be directed to:

MURRAY, BANK & SHEER, Attorneys at Law,
Attention: Norman Sheer, Esq.,
235 Mamaroneck Avenue,
White Plains, New York 10605, U.S.A.
Telephone: (914) 761-9111.

Financial director

City, to £25,000

C&L

For the long established UK subsidiary of an international mining and metals group. The UK Company has processing plants in the South of England and a City head office.

Responsibility is to the Executive Chairman for the entire financial function. You must be experienced in financial planning and control in a metals processing or manufacturing environment and in investment appraisal. The head office staff is small and you will therefore be involved in matters of detail as well as overall policy. The levels of maturity and experience required suggest that you are unlikely to be below the age of thirty five.

Résumés including a daytime telephone number to E J Robins, Executive Selection Division, Ref. R467.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

Economic Analyst

Bahrain **Tax Free Salary**

Gulf Air, the prestigious national airline of the Gulf States, has rewarding work for a qualified Accountant or Economist to work on route cost and revenue analysis by developing an efficient computerised model to answer questions arising from changes in pricing, cost, schedules and frequencies.

The successful candidate will provide economic assessment for capital projects and policy proposals and will also be involved in the development of principles and systems for route evaluation.

We seek an Economist, qualified to degree level, or a qualified Accountant with an ACMA. Candidates should have at least 3 years' experience of airline cost accounting, economic analysis or planning experience of computerised models would be an advantage.

We offer a generous tax free salary plus the excellent range of overseas benefits to be expected of a successful international airline.

Write giving full career and personal details to the Personnel Controller UK and Europe, Gulf Air, Room 252, Excelsior Hotel, Bath Road, West Drayton, Middx. Please quote ref. 2CEE.

Bain Dawes

INTERNATIONAL INSURANCE BROKERS
A MEMBER OF INCHCAPE GROUP

New Business Developer Credit Insurance

Required by Bain Dawes Credit Ltd. to develop new credit insurance business with back-up of the Group's contacts. The successful candidate will be experienced and will probably have had an accountancy or credit insurance background.

The applicant will be self-motivated, with a proven new business record and the ability to deal with clients and professional advisers at a high level.

Career prospects are excellent and there is an attractive salary with a generous bonus paid on results. A company car is provided.

The position will be at Bain Dawes' head office in London.

Confidential applications and curriculum vitae addressed to:

K.P. Henman, Staff Manager,
Bain Dawes Ltd.,
15 Minories, London, EC3N 1NJ.

Trust Accountant

Guernsey — around £12,000 plus free accommodation

This unusual appointment offers a single Chartered Accountant, from the profession, aged 27-29, who is both energetic and creative, the opportunity of working on his/her own initiative, combined with the excitement of international travel. Our client, a Trust Company, is a subsidiary of a London Banking House. The initial appointment is for one year, during which the successful candidate will collate the affairs of a small group of companies. The longer term future may either result in a permanent position in Guernsey, as Assistant to the Managing Director, or in the holding company's Head Office in London. Ref. 1173/F.T. Apply to R. P. Carpenter, FCA, FCMA, ACIS, 3 de Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761.

Phillips & Carpenter
Selection Consultants

INTERNATIONAL E.D.P. AUDITORS

The American International Group is one of the largest insurance groups of its kind in the world, employing 19,400 people in more than 130 jurisdictions.

Opportunities have now arisen within this expanding group for Internal E.D.P. Auditors who will be required to review new systems development and data centres located in the world's major cities.

Candidates must be qualified Chartered Accountants with substantial E.D.P. audit experience.

Applicants can expect to be travelling world-wide on a regular basis so single status and mobility are essential requirements.

All appointments are accompanied by a good tax-free salary and excellent benefits package.

Please telephone the Personnel Department for an application form on 01-681 2555 ext. 206 or write with details to:—

David Healey, Personnel Manager
AMERICAN INTERNATIONAL GROUP
American International Building
12-14 Sydenham Road, Croydon, Surrey CR9 2LG

AIG

EXECUTIVES

Over £12,000

Job search is highly competitive – you need
* Access to the large unadvertised job market
* Access to the many influential selection consultancies
* First class research and secretarial services
* Career development assistance

Phone for a confidential discussion with Europe's most experienced re-deployment consultancy. If you are becoming redundant enquire how your employer can include job search services in your severance package.

Percy COUTTS & Co. LTD
01-839 2271
140 Grand Buildings
Trafalgar Square
London WC2

Banker

UK Lending

We are looking for a Manager to take charge of a small team responsible for our substantial portfolio of loans to commercial and industrial companies based in the U.K.

Candidates, who should be graduates—preferably aged in their thirties, must have a strong background in both credit and marketing. A knowledge of French would be useful.

The job offers potential for promotion both in the U.K. and abroad. A comprehensive compensation package is offered.

If you are interested, please send a c.v. with a résumé of your career to date, giving full details of your current appointment.

Write to Patrick Allan
Assistant General Manager
marking the envelope "strictly confidential"

BANQUE DE PARIS ET DES PAYS-BAS
33 Throgmorton Street, London EC2N 2BA

BANKING

Senior Officer: Operations To £12,000

Leading American bank requires mature and experienced individual to assume an active role in the development of its operating departments.

Assistant Accountant To £10,000

A professional qualification and knowledge of bank accounting/reporting are essential requirements for this attractive position with progressive international bank.

Credit Officer To £12,000

Prominent international bank seeks thoroughly experienced credit analyst, ideally late 20's, to assume senior position in a specialist credit team.

Loans Admin./Documentation To £8,000

Expanding international bank offers excellent prospects to a senior loan administrator wishing to develop broader credit responsibilities and experience.

Jnr/Trainee FX Dealer £NEG

You must have intelligence and personality to confirm your potential for this outstanding opportunity in a highly professional bank dealing room, age v. early 20's.

Senior Doc. Credits To £11,000

Leading European bank seeks a thoroughly experienced individual to assist in the development of a new Trade Finance Department.

Contact Tom Kollinsky in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01-248 3812/3/4/5

ECONOMICS LABORATORY

FINANCIAL PLANNER

£14,000 + Car

The *European division of a major* U.S. Corporation already has a significant share of the markets in which it operates and it is planned that the current European turnover of $100 million shall be substantially increased over the next five years. An experienced Financial Planner is needed to provide a key service to management to ensure the achievement of this development. He or she will assist the vice presidents of two of the company's European divisions in formulating long term strategies and marketing, new product and acquisition plans. Applicants, aged around 30, must have sound *basic experience* of analysing and forecasting financial data in the fast moving consumer goods field. They will be University Graduates or Accountants with proven financial ability and a thorough knowledge of management accounting procedures. Location North-West London.

Reply to Ron Smith
Area Planning Manager
E. L. EUROPE LTD.
Boundary House
Cricketfield Road, Uxbridge
Middlesex
enclosing c.v. and salary history

ACCOUNTANT/ ADMINISTRATOR

for independent music publisher in London. Internal financial reports. Supervision accounting and financial functions and office administration. Music industry experience desirable but not essential.
Submit resume, stating past experience, age, marital status, education and salary requirements.
Write Box A7338, Financial Times, 10 Cannon Street, EC4P 4BY

YOUNG AND QUALIFIED?

USE YOUR MANAGERIAL ABILITY MAKE A POSITIVE IMPACT IN OIL

TO £12,500

As a qualified ACA with some sound commercial experience in a supervisory position you are probably now looking for more challenge and the chance to really use your management potential.

A well-known Oil Company which is small enough to make provision for autonomy and flexibility yet still able to take advantage of being the subsidiary of a large group, needs someone to lead their General Accounting Department.

Using your forward thinking approach and ability to motivate staff, you will control and improve the general accounting systems to ensure that the department provides a professional and efficient service. Reporting to the Chief Accountant, you will be based at the company's Head Office in London and may be required to make short visits to Aberdeen and occasional trips to other European locations.

The company is currently expanding its exploration and production activities and anticipates a substantial increase in manpower, over the next few years. It is therefore in a position to offer good prospects and scope for development.

The salary includes an annual bonus and the remuneration package offers a wide range of benefits which cover pension scheme, life and accident assurance, BUPA, season ticket loan, LVs and generous relocation assistance where applicable.

To apply, please telephone or write to Mrs. Sue Jagger at Cripps, Sears & Associates (Personnel Consultants), Burne House, 88/89 High Holborn, London WC1V 6LH. Telephone: 01-404 5701 (24 hours), Telex: 893155 CRIPPS G.

This position is open to both men and women.

Cripps, Sears

INTERNATIONAL BANKERS

Wells Fargo Bank, a major US financial institution with over $20 billion in assets, seeks high calibre lending officers to join its UK Corporate Group.

Successful candidates will have a degree and/or professional qualification, have been with a leading bank for 2–3 years and have completed a formal training programme prior to undertaking some independent marketing activities including calls on major corporations.

An attractive remuneration package and appreciable growth prospects are offered.

Applications should be made in writing accompanied by a detailed curriculum vitae to:–
Mr. R. G. Stevenson, Assistant Vice President and Personnel Manager,
Wells Fargo Bank, 80 London Wall, London EC2M 5ND.

Wells Fargo Bank N.A.

Hanson Trust

Manager UK Business Development

Hanson Trust Ltd., seeks manager to research and promote UK business development both by acquisition and internally. Excellent scope for career advancement.

Applicant preferred in late twenties/early thirties with analytical/research experience with major financial or industrial group. Self motivation and capacity to gain acceptance at highest levels outside company vital. Good existing relationships with City institutions helpful. Drive and ambition essential. Salary commensurate with experience but in excess of £10,000 per annum with car and other benefits.

Send full personal/career details indicating what talents and experience particularly qualify the applicant for the job, together with photograph, to D. C. Bonham, 180 Brompton Road, London SW3 1HF.

AES

ELECTRICAL/ELECTRONICS ANALYST

ALBERT E. SHARP & CO.

We are currently expanding our coverage of the electrical and electronics industries and wish to recruit an experienced Analyst who would be responsible for building up our research in this area.

The successful applicant is likely to have had some experience of working in the sector, possibly as part of an already established brokers or institutional research team, although applicants whose experience and background is outside the City would be considered.

An attractive remuneration package and pension scheme would be offered. Apply with full curriculum vitae to: C. G. Porter, Albert E. Sharp & Co., Edmund House, 12 Newhall Street, Birmingham, B3 3ER.

NATIONAL UNIVERSITY OF LESOTHO

Applications are invited for the post of SENIOR LECTURER/LECTURER IN *FINANCIAL ACCOUNTING AND/OR MANAGEMENT* in the Department of Accounting and Commerce, tenable as soon as possible. Applicants should be Chartered Accountants and/or hold a Masters in Accounting and Finance or another major discipline in Business Administration. They should be able to offer a subsidiary discipline in the field of Business Administration. Appointee will be expected to teach his/her subjects up to degree level. Salary scales: Senior Lecturer R11,568-13,248 p.a.; Lecturer R8,244-11,160 p.a. (£1 sterling = R1.80). In very exceptional circumstances, the British Government may provide salary supplementation in range £1,428-4,284 p.a. (reviewed annually and normally tax-free) and associated benefits. Non-contributory superannuation or gratuity. Inducement allowance for expatriates not qualifying for any supplementation scheme. Reasonable rental accommodation; family passages; baggage allowance; education allowance for expatriates; vacation and study leave. Detailed applications (2 copies), including a curriculum vitae and naming 3 referees, should be sent to the Senior Assistant Registrar (Appointments), National University of Lesotho, P.O. Roma, Lesotho, to arrive not later than 18 November 1980. Applicants resident in U.K. should also send 1 copy to Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details are available from either address.

DIRECTOR OF FINANCE

Salary £15,810 to £16,890
(subject to pay award)

The present Director of Finance is retiring in January, 1981, and the Council is seeking a successor.

The Finance Department with some 350 established posts is responsible for computer services and management services in addition to the administration of the financial affairs of the Council.

Benefits include a car allowance, car loan facilities, removal expenses and, in appropriate cases, relocation allowances.

Applicants, who should be members of the Chartered Institute of Public Finance and Accountancy, should be able to demonstrate substantial achievements in local authority finance and should have the professional and personal qualities necessary to provide financial management and advice for a metropolitan district, the size and character of Sandwell.

Sandwell Council is an equal opportunity employers and vacancies are open to both sexes, all races and to registered disabled people.

Application forms and further particulars, quoting re. no. 386, can be obtained from the Personnel Officer, Town Hall, West Bromwich, West Midlands, B70 8DX (s.a.e. please).

Closing date 19th November, 1980.

sandwell
Metropolitan Borough Council

GILT EDGE SALES

Overseas Clients

Vickers da Costa Ltd. is looking for a gilt salesperson to consolidate and develop its existing business with overseas clients.

The nature of the operation is such that the skills required for the post will be somewhat broader than those normally associated with the London market.

The successful applicant will be required to:

(a) Provide both written and verbal commentary, either direct to clients or, alternatively, via the firm's network of overseas offices.

(b) Demonstrate an understanding of currency movements, as well as being able to offer a forceful view on the general trend of the UK gilt market.

Please apply in writing to:

Mrs. J. E. Shaer, Personnel Manager,
Vickers da Costa Ltd., Regis House,
King William Street, London, EC4R 9AR.

THE DIOCESE OF NEWCASTLE

wishes to appoint an

ASSISTANT DIOCESAN SECRETARY

(FINANCIAL)

The responsibility of the person appointed will include financial forecasts and budgetary control (1981 estimates total £1,350,000); stipends (190 clergy and accredited lay workers); and 400 funds and properties held in trust for P.C.C.s.

Salary will be within Grade I (Civil Service H.E.O.) for General Synod Staff (minimum salary £6,950). Contributory superannuation. Relocation assistance.

This is a new post, intended to enable the Diocesan Secretary to concentrate on internal and external communications, forward planning, policy initiation and co-ordination of Board's work.

Full details and an application form will be sent on request to:
David W. Hide, Diocesan Secretary, Church House, Grainger Park Road, Newcastle upon Tyne, NE4 8SX.

COMPANY NOTICES

THE PACIFIC FUND S.A.

Société Anonyme
Luxembourg, 37, rue Notre Dame
R.C. Luxembourg B 7825

Shareholders are invited to attend an

Extraordinary General Meeting

which will be held at the offices of the Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, on Monday, 10th November 1980 at 9 a.m., with the following agenda:

Agenda

1. Decision to increase the authorized corporate share capital by up to 2,000,000 additional shares with a par value of US $1.00, so as to raise the total authorized capital from US $3,000,000 to US $5,000,000.
2. Authorization to be conferred to the Board of Directors of the Corporation to render effective such increase of capital in whole or in part from time to time upon terms and conditions as it will deem appropriate.
3. Decision to amend article 5 of the Articles of Incorporation to reflect the result of such action.
4. Amendment of article 8, paragraph 1 of the Fund's Articles of Incorporation in changing the date of the Annual General Meeting from the second Monday of March to the second Monday of July.
5. Amendment of article 21 of the Fund's Articles of Incorporation in changing the date of the year end from 31 December to 31 March thus the current financial year will cover a period of 15 months.

Resolutions on the above-mentioned agenda will require a quorum of one half of the shares issued and outstanding and a majority of 2/3 of the shares present or represented at the meeting.

Holders of bearer shares may vote at the meeting in person by producing at the meeting a certificate of deposit which has been or will be issued to them against deposit of their share-certificates with Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg.

Holders of bearer shares may vote at the meeting by proxy by completing the form of proxy which will be made available to them against deposit of their share-certificates as aforesaid or presentation of their certificates of deposit. In order to be valid all forms of proxy must reach the Company at Kredietbank S.A. Luxembourgeoise five days prior to the meeting.

Share certificates so deposited will be retained until the meeting or any adjournment thereof has been concluded.

The Secretary

MICHELIN INTERNATIONAL DEVELOPPEMENT N V

Corporation under Dutch law with capital of NLG 30 000 000
Registered Office LA HAYE (Netherlands)

8% BONDS 1970-1985 USD 1 000

NUMERICAL LIST

11 of the series including, with the previous purchases and converted bonds, the 415 bonds drawn by lot on October 15, 1980 (fifth drawing), making pa with the 1087 bonds converted into COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN shares "B" and the 5900 repurchased bonds, the entire USD 5 400 000 nominal amount to be redeemed with respect to the sixth redemption:

31 211 to 32 082

Such bonds will be repayable at USD 1 000 on and after January 5 1981, the holder of the same keeping the conversion option into shares during a period of thirty days from the repayment date:

21 of the series previously drawn by lot and not yet presented for the repayment

Drawing of October 14, 1976—
Repayment on January 5, 1977
45 860 to 48 578

Drawing of October 14, 1977—
Repayment on January 5, 1978
7 223 to 13 791

Drawing of October 12, 1978—
Repayment on January 8, 1979
37 877 to 39 955

Drawing of October 12, 1979—
Repayment on January 5, 1980
48 577 to 62 087

Principal, interest will be payable at the office of the Morgan Guaranty Trust Co. of New York and at the following banks:

— Banque Nationale de Paris, Paris
— Credit Lyonnais, Paris
— Banque Industrielle et Mobiliere Privee, Paris
— Banque Nuger, Clermont-Ferrand
— Banca Nazionale del Lavoro, Rome
— Banque Generale du Luxembourg, Luxembourg
— Commerzbank A G, Dusseldorf
— Credit Suisse, Zurich
— Dresdner Bank A G, Francfort
— Societe de Banque Suisse, Bale
— Societe Generale de Banque S A, Bruxelles
— Societe Generale, Paris
— Banque de Paris et des Pays-Bas, Paris
— Banque de Neuflize Schlumberger Mallet, Paris
— Banca Commerciale Italiana, Milan
— Banque Bruxelles Lambert, Bruxelles
— Barclays Bank Ltd., Londres
— Credito Italiano, Milan
— Deutsche Bank A G, Francfort
— Kredietbank N V, Bruxelles
— Societe Generale Alsacienne de Banque, Luxembourg
— Union de Banques Suisses, Zurich

Outstanding amount: USD 21 600 000

CHILEAN BONDS

The Council of Foreign Bondholders reminds holders of sterling Bonds of the Chilean Government and municipalities that the offer under Law No. 3982 of 1948 expires on the 31st December 1980 and that acceptances must reach the respective paying agents on or before that date.

Council of Foreign Bondholders
9-12 Cheapside,
London EC2V 6AB

24th October 1980

O.K. BAZAARS (1929) LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND

Notice is hereby given that interim dividend No. 98, at the rate of 35 cents per share in respect of the financial year which commenced on 1 April 1980, has this day been declared payable on the 19 December 1980, in the currency of the Republic of South Africa to all holders of Ordinary shares registered in the books of the Company at the close of business on 14 November 1980. Non-resident shareholders' tax of 15% will be deducted where applicable.

The Registers of Members will be closed in Johannesburg and London from 15 to 23 November 1980, both days inclusive, for the purpose of the above dividend.

BY ORDER OF THE BOARD
J. B. PARNALL
Secretary

Registered Office:
O.K. Buildings,
80 Eloff Street,
Johannesburg, 2001.
Transfer Secretaries:
Hill Samuel Registrars Limited,
8 Greencoat Place
London, SW1P 1PL.
28th October 1980

NOTICE OF PURCHASE

US$100,000,000 KINGDOM OF DENMARK 8¾% NOTES DUE 1ST OCTOBER, 1984

NOTICE IS HEREBY GIVEN to holders of Notes of the above issue that US$2,000,000 nominal was purchased during the period ending 1st October, 1980.

The principal amount of notes remaining in circulation on 1st October, 1980 was US$88,000,000.

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED.
Purchase Agent.

PUBLIC NOTICES

AVON CORPORATION BILLS

£6,000,000 Bills issued 29th Oct. 1980 at 14½% to mature 28th Nov. 1980. Applications £39,000,000. None outstanding.

GLOUCESTER COUNTY BILLS

£5,000,000 Bills issued 29th Oct. 1980 at 14 25/64ths% to mature 28th Jan. 1981. Applications £29,000,000. Outstanding £18,500 000

SWANSEA CORPORATION BILLS

£1 000,000 Bills issued 29th Oct. 1980 at 14[illegible]% to mature 28th Jan. 1981. Applications £11,000,000. None outstanding.

EVERY TUESDAY AND THURSDAY
£25
per single column centimetre—Min. 3 cms
Copy must be submitted in writing

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

For information on rates, sizes and space availability
contact:
John Wisbey
Financial Times
10 Cannon Street, EC4P 4BY
01-248 5161

Private Companies

Providing equity finance for unquoted companies and cash for their shareholders has been our business for nearly 50 years.

If you are exploring ways of raising finance for your company or its shareholders, telephone Colin Horan on 061-832 2234, Peter Carter on 021-236 4936 or David Wills on 01-248 3999.

CHARTERHOUSE

Charterhouse Development Limited, 1 Paternoster Row, St. Pauls, London EC4M 7DH
A member of The Charterhouse Group.

Plastics - Packaging - Building Materials

Successful Public Company with funds for expansion seeks to acquire a UK Company with a specialist involvement in any of the above sectors.

Companies with current pre-tax profits of about £250,000 or above and interested in enhancing their performance within a de-centralised structure are invited to reply in complete confidence to the Company's Advisers, T. N. Page, Dearden Farrow, 1 Serjeants' Inn, London EC4Y 1JD.

BASE LENDING RATES

A.B.N. Bank	16 %
Allied Irish Bank	16 %
American Express Bk.	16 %
Amro Bank	16 %
Henry Ansbacher	18 %
A P Bank Ltd.	16 %
■ Arbuthnot Latham	16 %
Associates Cap. Corp.	16 %
Banco de Bilbao	16 %
BCCI	16 %
Bank of Cyprus	16 %
Bank of N.S.W.	16 %
Banque Belge Ltd.	16 %
Banque du Rhone et de la Tamise S.A.	16½ %
Barclays Bank	16 %
Bremar Holdings Ltd.	17 %
Brit. Bank of Mid. East	16 %
■ Brown Shipley	16 %
Canada Perm't Trust	17 %
Cayzer Ltd.	16 %
Cedar Holdings	16 %
■ Charterhouse Japhet	16 %
C. E. Coates	16 %
Consolidated Credits	16 %
Co-operative Bank	*16 %
Corinthian Secs.	16 %
The Cyprus Popular Bk.	16 %
Duncan Lawrie	16 %
Eagil Trust	16 %
E. T. Trust Limited	16 %
First Nat. Fin. Corp.	18 %
First Nat. Secs. Ltd.	18 %
Robert Fraser	16 %
Antony Gibbs	16 %
Greyhound Guaranty	16 %
Grindlays Bank	‡16 %
■ Guinness Mahon	16 %
■ Hambros Bank	16 %
■ Hill Samuel	§16 %
C. Hoare & Co.	†16 %
Hongkong & Shanghai	18 %
Keyser Ullmann	16 %
Knowsley & Co. Ltd.	18 %
Langris Trust Ltd.	18 %
Lloyds Bank	16 %
Edward Manson & Co.	17 %
Midland Bank	16 %
■ Samuel Montagu	16 %
■ Morgan Grenfell	16 %
National Westminster	16 %
Norwich General Trust	16 %
P. S. Refson & Co.	16 %
Rossminster	16 %
Ryl. Bk. Canada (Ldn.)	16 %
Schlesinger Limited	16 %
E. S. Schwab	16 %
Security Trust Co. Ltd.	17 %
Standard Chartered	16 %
Trade Dev. Bank	16 %
Trustee Savings Bank	16 %
Twentieth Century Bk.	16 %
United Bank of Kuwait	16 %
Whiteaway Laidlaw	16½ %
Williams & Glyn's	16 %
Wintrust Secs. Ltd.	16 %
Yorkshire Bank	16 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

COST SHARING SCHEME FOR MANUFACTURING

A MEDIUM-SIZED ENGINEERING COMPANY IN THE SOUTH-WEST OF MANCHESTER

is seeking a partner to share in absorbing the under-recovery of overheads they are sustaining due to a permanent reduction in the markets for their traditional products.

They have modern offices and manufacturing capacity available including machining, fabrication and assembly and their proposal is to share office space and manufacturing with a company facing similar problems. The tenant company would employ their own project, sales, and possible design teams, and would be offered attractive rental terms and manufacturing costs whilst continuing to operate as a separate company.

These proposals offer real scope for future profitable trading and variations on the theme can be discussed.

Write in confidence to Box F.1564, Financial Times, 10 Cannon Street, EC4P 4BY.

A PRINTED BROCHURE IS STILL YOUR BEST PUBLICITY

Professional presentation is vital when it comes to a printed brochure. More than often a brochure is not a printer's job. Some people believe a call to the cheapest or local printer is the answer: those who know better will, in today's competitive markets, be looking for a wise investment demonstrating greater returns.

If you manufacture a product or market a service we have the expertise to help you. From a simple leaflet to a 240-page full colour hard-back book, from 1,000-3 million copies. We've thought up lots of alternative ideas for publicising goods or services but in the long-run nothing can beat the printed brochure for impact, durability, persuasive selling power, and of course economy.

A4 size brochure in full colour designed and printed in most languages with varying concepts to a budget ranging from £3,000-£5,000.

Yes, we are continually achieving budgets like those while still maintaining a high standard of quality and fast turnaround.

We produce the complete package, full creative studio design, artwork, backup advertising, typesetting, photography and modern four-colour presses to ensure efficiency and accuracy right through to delivery.

Colour folders, mail-order catalogues, travel brochures, maps, sales presentation kits, posters, group service brochure, corporate stationery ranges —they're all our business. We aim not to cost you money, but to make money for you, as we have doneforsomany.

If you would like us to show you what we've done for others or demonstrate what could be done for you, write to Simon Nutt, E.B.B. Design/Print, 194 Campden Hill Road, London W8 7TH or phone 01-229 6532.

By order of the Receiver - M G Withall Esq FCA of Thornton Baker
Re: J P Engineering (Reading) Limited - In Receivership

Offers are invited for the Master Drawings, Reference and Development Files on floppy discs and the manufacturing rights in the

TOMOSCANNER

a whole body scanner of proven potential with many installed in hospitals both at home and abroad.

Weatherall Green & Smith
01-405 6944

HYDRAULIC EQUIPMENT INDUSTRY

Distribution Company with over 20 Depots strategically located throughout the UK selling to the Hydraulic Equipment Industry

SEEKS NEW AGENCIES

in sympathetic product lines. Total UK exclusively preferred: Offshore Manufacturers welcome. Any product for off-the-shelf sales with high service content will be considered.

Write Box F1258, Financial Times, 10 Cannon Street, EC4P 4BY.

CREDIT & FINANCE SERVICES FOR EXPORTERS

Obtain details of our

Factoring and Invoice Discounting Services

ARBUTHNOT FACTORS LTD.
Breeds Place, Hastings TN34 3DG
Contact: S. E. Finch Tel.: 0424 430824

or Telephone:
London 01-638 1301. Leeds 0532 444578.
Birmingham 021-454 7962. Manchester 061-236 9777.
Newcastle 0632 614545. Nottingham 0602 598821.

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of

Building Society Rates

on offer to the public

For further advertising details please ring:

01-248 8000, Extn. 606

PROFITMAKER

As Chairman and Managing Director I have made profitable three loss-making companies, each within two years. I can do the same for you. If you are a medium-sized company I can within a week or so prepare a report on your business which will make recommendations to improve if necessary, your marketing, manufacturing and financial sections. If you wish you can then make the changes as recommended yourself or, if required, I can be of further help. I work alone, so you will get the direct benefit of my many years' experience in marketing and engineering. I now have time to assist a few more companies, so if you think your company is slipping or you are fighting for survival please write me in the strictest confidence with brief details.

Box F1541, Financial Times, 10 Cannon Street, EC4P 4BY.

FINANCE/ABILITY

Business consultant able to inject funds, business and know-how wishes to participate in an expanding travel company. ATOL available plus programme, and international connections.

Please reply in strictest confidence to

Box F1545, Financial Times, 10 Cannon Street, EC4P 4BY.

PRIVATE COMPANIES WISHING TO GO PUBLIC

The Over-The-Counter Market has come of age in the UK. Private companies can raise investment capital through the sale of minority equity interest to the public.

Companies wishing to know more should write with full details to:

Box F.1556, Financial Times
10 Cannon Street, London EC4P 4BY

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1979							
2nd qtr.	114.8	187.0	107	106.0	144.5	1,299	256
3rd qtr.	112.6	103.1	97	99.0	143.8	1,269	247
4th qtr.	112.5	103.9	105	101.0	151.0	1,286	230
1980							
1st qtr.	110.5	100.8	98	102.4	156.7	1,379	193
2nd qtr.	106.0	96.2	94	100.6	160.0	1,492	160
3rd qtr				99.3		1,695	120
March	109.1	98.4	104	101.8	158.4	1,414	181
April	106.0	97.0	95	101.3	159.7	1,458	169
May	105.5	95.3	91	99.7	158.9	1,484	163
June	106.4	96.1	95	100.7	161.1	1,535	147
July	105.3	95.2	84	99.3	160.1	1,606	126
Aug.	102.8	93.0		100.1	162.3	1,696	120
Sept.				98.5		1,784	113
Oct.						1,892	

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.0	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.1	100.9	129.6	98.8	102.6	96.4	18.1
1980							
1st qtr.	104.7	101.9	124.3	99.6	60.3	91.8	12.3
2nd qtr.	97.6	96.7	121.8	93.8	88.1	84.4	16.2
March	102.0	99.0	124.0	96.0	64.0	89.0	12.2
April	99.0	98.0	120.0	95.0	81.0	86.0	15.0
May	96.0	97.8	122.0	93.0	93.0	83.0	17.0
June	98.0	96.0	123.0	93.0	92.0	84.0	16.6
July	99.0	97.0	120.0	94.0	79.0	84.0	13.5
Aug.	97.0	94.0	116.0	91.0	82.0	84.0	11.3

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
2nd qtr.	135.3	128.9	−525	−264	−229	106.2	21.69
3rd qtr.	129.8	128.1	−492	+ 5	−158	106.5	23.18
4th qtr.	129.3	128.9	−785	−639	−157	103.5	22.54
1980							
1st qtr.	132.2	126.5	−632	−162	−126	100.5	24.87
2nd qtr.	128.6	124.5	−301	− 68	− 29	102.3	28.15
3rd qtr.	127.7	116.8	+693	+918	+165	104.4	28.08
March	129.3	123.0	−126	+ 30	− 5	100.4	26.96
April	126.8	128.4	−303	−225	+ 26	101.6	28.01
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	129.1	124.4	+ 3	+ 80	− 30	103.5	28.17
July	129.8	118.5	+261	+336	+102	103.8	28.27
Aug.	127.1	120.8	+ 63	+138	+ 10	104.9	28.29
Sept.	126.2	111.0	+369	+444	+ 53	104.5	27.64

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
2nd qtr.	5.2	15.8	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,724	634	1,974	17
2nd qtr.	− 1.5	10.7	23.3	+3,218	697	1,972	17
3rd qtr.	14.4	39.1	45.2	+6,505	1,090		16
March	− 2.3	8.2	35.4	+ 716	200	641	17
April	− 4.0	5.9	18.8	+ 702	266	675	17
May	4.0	12.6	21.8	+1,147	225	621	17
June	− 4.9	13.7	28.8	+1,369	206	676	17
July	11.7	36.5	50.8	+3,482	340	667	16
Aug.	11.2	40.8	46.4	+2,019	307	624	16
Sept.	20.5	39.8	38.7	+1,004	443		16

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	73.8
3rd qtr.		202.0	203.6	268.9	259.3	375.13	75.6
Feb.	187.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	252.2	251.1	284.47	72.6
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	178.1	200.4	199.0	263.2	255.7	268.33	74.3
June	183.7	201.1	201.0	265.7	257.9	267.45	74.4
July	185.1	201.7	202.7	267.9	259.9	273.57	74.7
Aug.	186.4	201.8	203.8	268.5	259.0	275.38	76.2
Sept.		202.4	204.5	270.2	259.0	276.44	76.0

* Not seasonally adjusted.

ROSEWOOD EXECUTIVE FURNITURE

Desks, bookcases, sideboards, conference tables and chairs.
Small stocks of other finishes available.
UP TO 40% OFF STANDARD LIST PRICE
Brochures available on request or viewing can be arranged in London
TEL: 01-805 2566

FISH FARMING LEASEHOLD OPPORTUNITY

The leasehold of a well-known Cotswold fish farm is for sale. Situated in one of the Cotswold's most beautiful valleys, the farm has been an established and profitable business for some years, with a turnover of £100,000 per annum. A net profit of £30,000 per annum can be expected. Plenty of scope for further expansion. Remaining period of lease, 15 years. A current planning consent for barn conversion is held.

Offers not less than £120,000.
Viewing and further details by appointment with:
FIELL, STREAM & COVERT (ENGLAND) LIMITED
Fish Farming Managers and Engineers
Meriden, Warwickshire, CV7 7LJ
Telephone: 067 55 2564

FINANCE

A European Group dominating a profitable and specialised sector of the travel industry requires additional financial backing (£4m) in purchase assets which are well below valuation.

Please reply in confidence to:

Box F1544, Financial Times, 10 Cannon Street, EC4P 4BY.

Busy Businessman?

Use us and reduce your overheads. Why pay thousands a year for services you do not use? We can provide a W1 mailing address, top secretarial backup and a personal telephone message service at a fraction of the cost.

If you would like to discuss this further please telephone:

CHRISSIE SINCLAIR ON
01-580 9183

In spite of continuing financial restrictions
GLOBEWIDE FINANCE LIMITED
Can Still Arrange:
1. Building Society Mortgages up to £50,000.
2. Residential Mortgages up to £150,000.
3. Corporate Advances up to £5m.
4. Equity Finance.
5. Finance for Import/Export.
6. Foreign Currency Advances.

Principals only should write to:
111a Westbourne Grove,
London W2 4UW.
Tel: 01-727 6474. Telex: 8953620.

WE RENT PRESTEL

Drazin Ltd. welcome enquiries from individuals and businesses within 5 miles of their premises.
CALL AT OUR SHOWROOMS or phone Mr. I. Drazin any morning between 9 and 12 at 01-435 7441
DRAZIN LTD
59 Heath Street
London, N.W.3.
Only 39 Steps
from Hampstead Tube Station

VALUABLE MAIN AGENCY APPOINTMENTS

are being made in selected sailing centres of England, Scotland, Wales, Northern Ireland and Southern Ireland for the Gib' Sea range of sailing yachts highly acclaimed in Europe for their performance, modern design and superb finish. Comprehensive range of 14 yachts up to 41 ft. Enquiries are invited from agents who must have facilities to show and demonstrate boats with adequate sales personnel.
Further information from sole distributors:
D.I.F. MARINE LTD.
Brighton Marina, Brighton
Sussex, BN2 5UF
Telephone (0273) 693916

PRIVATE COMPANIES SUBSTANTIAL FUNDS AVAILABLE

to purchase successful Companies and/or Asset-rich Companies where the present shareholders or management wish to retire from the business.

Reply with outline details please to:
Box F1530, Financial Times, 10 Cannon Street, EC4P 4BY.

Distributor/Stockist

with showroom and modern warehouse together with proven sales force seeks additional products to extend their range. Requirements basically general engineering but could be interested in any product requiring marketing expertise.
Write Box F1558, Financial Times, 10 Cannon Street, EC4P 4BY.

YOUR REP. OFFICE IN FRAKFURT/M.

First Class:
- THE ADDRESS
- THE EQUIPMENT
- THE SERVICES: INTERNATIONALLY EXPERIENCED PERSONNEL

Write Box F1562, Financial Times 10 Cannon Street, EC4P 4BY

OIL & GAS PROSPECTS

Information on direct participation in U.S. petroleum property leases and development, available to experienced investors of substantial means. Write:
ATHOL CONSULTANTS LTD.
12 St. George's St., Douglas, IoM
or telephone John Jeffcock
(0624) 832056 - Telex 628335

BUY—SELL

Best prices—
KRUGERRANDS & SOVEREIGNS
Venus Coins Limited
75 Duke Street, Grosvenor Square
London W1M 5DJ
01-629 3301
Telex 8952262 Anteo

SUBMERGIBLE SEWAGE PUMPS

We seek Importers/Stockists/Representatives for South-East Asia, Middle East and African countries.
Please contact us:
I.S.I
Pedro Teixeira No. 8
Madrid-20/Spain
Phone: 4562779
Telex: 23354/-7 MART-E

Retired Entrepreneur

has £25,000 to use for would-be entrepreneur with useful ideas or needing capital in practically established business.
Write Box F1560, Financial Times, 10 Cannon Street, EC4P 4BY.

Independent Wine Merchant

Turnover £700,000 p.a.
Wines only.
Seeks merger or takeover.
Write Box F1559, Financial Times, 10 Cannon Street, EC4P 4BY.

SEEKING INVESTMENT PROJECTS? Venture Capital Report describes c. 7 specific Invst. Opps. in detail each month. VCR, 2 The Mall, Bristol. (0272) 37222.

START AN IMPORT/EXPORT AGENCY. No capital required. Established over 30 years. Clients in 119 countries. Send large S.A.E., Wade Dept., F., P.O. Box 9, Marlborough, Wilts.

OFFICES, DEMONSTRATION BAY, STORES,

TELEX, PBX, BOARD ROOM
High presentable. We are importers and designers in plastics machinery business. 3,500 sq ft is available to share cost in an effort to beat the squeeze and survive.
OMS LTD.,
3 DEVON STREET, SE15 1JR

Manufacturing Company NORTH-WEST ENGLAND

Small manufacturing company requires capital injection with or without participation. Excellent potential in market allied to DIY. Replies in confidence care of Thomas F. Denham and Son, Chartered Accountants, 64 Cross Street, Manchester M2 4JS.

FOR SALE

Desirable farming and shooting estate in Scotland run by capable manager. Large house for accommodation. Included in the price a holding/equity in a public company in the manufacturing industry. Offers in the region of £300,000.
Apply for full details and brochure to Box F1565, Financial Times, 10 Cannon Street, EC4P 4BY.

31FT CORONET Motor Cruiser

FOR SALE
Centre cockpit, turbo 6354. £33,000 with radio/radar/sat. nav., auto pilot. £27,000 without.
Phone: 0353 4622. Telex: 817901.

How to become a SUCCESSFUL CONSULTANT in your own field

Have you ever wished you could quit your job and start working for yourself?

Well, maybe you can! Many people are amazed when they discover the tremendous amount of professional experience and specialized knowledge they've accumulated; experience and knowledge that others will gladly pay for. Literally thousands of people who made that discovery are now prospering as **independent consultants**, full and part time.

The way to begin is by reading *How to Become a Successful Consultant in Your Own Field*, by Hubert Bermont.

Clear, straightforward, packed with solid information and advice. This authoritative manual tells you everything you need to know to establish your own independent consulting practice. Here's a sampling of the contents:

- What does it take to be a successful consultant? (See Chapter 1)
- *How to get started* (See Chapter 3)
- How to operate your business – a collection of "tricks of the trade." (See Chapter 5)
- What to charge your clients – plus five helpful rule on fees. (See Chapter 6)
- Why you should **never** work on a contingency (speculative) basis. (See Chapter 7)
- Ingenious ways to promote yourself, *and make people want your services.* (See Chapter 9)
- Contracts: why you should avoid them at all cost. (See Chapter 10)
- Just what do consultants do all day? (See Chapter 11.)
- How to market your ideas. (See Chapter 11.)
- *Why you'll never have to worry about competition.* (See Chapter 13.)
- And much more!

Perhaps no one is better qualified to *have written this book than Hubert* Bermont. He has served as consultant to more than 70 major companies and trade associations, including the US. Chamber of Commerce, McGraw-Hill, the Electronic Industries Association and the Smithsonian Institution. Yet he made the decision to become a consultant only after being fired from an executive position at the age of 43. You'll learn first-hand how he did it – *and how you can do it too!*

How to Become a Successful Consultant in Your Own Field is just £12.50 (tax deductible if used for business purposes), and you're fully protected by this **unconditional money-back guarantee.** Keep the book for three weeks. If you're dissatisfied with it for any reason whatever, simply *return it* **and every penny of your £12.50 will be promptly refunded.**

How many times have you told yourself that you're not getting anywhere; that it's time to think seriously about a major change in your career? **Don't put it off another day!** Complete and post the coupon now!

© CHARTSEARCH LTD. REG. NO 953326 11 Blomfield Street, London EC2M 7AY.

To: CHARTSEARCH LTD. 11-12 Blomfield Street, London EC2M 7AY. Please send me, postpaid, my copy of *"How to Become a Successful Consultant in Your Own Field"*, for which I enclose my payment of £12.50.

Name ______

Address ______

Overseas orders, add £3 per order for airmail shipment.
Please allow 14 days for delivery.
FT30/10

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM
Lease 3 years from under £5 weekly
Rent IBM typewriters from £26 per month inc. full service
Tel: 01-397 9499

We are looking for additional products to manufacture or assemble and will offer employment to anyone with potentially good design ideas or we will consider purchase of existing company, licence or patent. Anyone wishing to take advantage of our management expertise and works facilities should write to:
WILLIAM WEAVER ENGINEERING LTD.
38 BIRMINGHAM ROAD, BROMSGROVE, WORCS.

NON-FERROUS CASTINGS

Let us quote you for your Casting needs in Aluminium, Brass, Phosphor-Bronze, Gunmetal, Copper, Chrome-Copper, and Manganese-Bronze. We believe we are one if not the most competitive Foundry in the country. We can supply Patterns and Castings fully machined if required. In the first instance contact Mr. T. Lester, on 0525-60620

PRESTIGE OFFICES and board room to let day/week. Cen. London. Reception sec., Telex, Xerox, car park, etc. Mervyn Hughes Group. 01-404 5801.

WANTED a secondhand V.I.P. Comet Two "Linotype" also keyboard—"Linotype" or "Harris Intertype," in good condition. Contact 021-454 1518 after 7 p.m.—Mr. Webbe.

SECONDARY FINANCE for Home Owners. 15¼%-18¼% p.a. interest. Palme Bucks. 01-402 6691.

INVEST in a first-class new or used motor cruiser on the Upper Thames operated by a reputable long-established company. Wide range of prices from £12,000 upwards. Meldboats Ltd., Ferry Yacht Station, Thames Ditton, Surrey. Tel: 01-398 0271.

EX COMPANY DIRECTOR has substantial capital for investment in new or existing Company or venture. Details please to Box F1563, Financial Times, 10 Cannon Street, EC4P 4BY.

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £85 INCLUSIVE
READY MADE FOR £95
COMPANY SEARCHES
EXPRESS CO. REGISTRATIONS LTD.
Epworth House,
25-35 City Road, EC1.
01-628 5434/5, 7361, 9936.

CAPITAL AVAILABLE

For viable international projects, R.E., Bus. Expansion, Working Capital, Start Ups, Stand by, Letters of Credits and Bank Guarantees available
$500,000 Minimum
Also excellent U.S. and Foreign Investment Opportunities available.
VENTURE CAPITAL CONSULTANTS
15300 Ventura Blvd., Suite 500A
Sherman Oaks, California 91403
U.S.A. 651355 VENCAP LSA

Development Engineers

have technical project of excellent commercial viability (and prestige) to dispose of. Substantial operational funding involved. Return margins to 70% on outlays. Principals only, confidence guaranteed.
Write Box F1528, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE ELECTRONIC SOLARIUM PRODUCT

All rights, trade marks, finished stocks, parts, tooling and promotional literature for sale. This is an advanced product which we have recently developed to fit a rapidly expanding market.
Box F1342, Financial Times, 10 Cannon Street, EC4P 4BY.

U.K. ORGANISATION

with a respected international reputation for developing, manufacturing and marketing its own
Communication equipment,
SEEKS PARTNERSHIP
with large international company wishing to enter UK-based communications industry.
Write Box F1561, Financial Times, 10 Cannon Street, EC4P 4BY.

MANAGEMENT COURSES

For managers who can't spare more than two weeks at a time...

The Continuing Executive Programme

This is a management course in modular form, spread over three two week residential sessions at the London Business School totalling six weeks in the year.

Company involvement
The course includes a project agreed jointly between the Company, the participant and the Faculty. Thus there is an important, realistic link between the School and the participant's organisation; a relevant foundation on which to develop the participant's managerial skills.

Sessions in 1981:
Stage 1: 23 February – 6 March
Stage 2: 22 June – 3 July
Stage 3: 19 – 30 October

Details
Fee: £4,300. For further information, please contact Peter Gorb, C.E.P. Director, London Business School, Sussex Place, Regent's Park, London NW1 4SA.
Telephone: 01-262 5050. Please quote FT.

London Business School

Public interest and the law

BY RAYMOND HUGHES

THE Home Office is to ask the High Court to rule that a solicitor who showed a journalist documents produced as evidence in an open court hearing was guilty of contempt of court.

The case, against Miss Harriet Harman, legal officer of the National Council for Civil Liberties, is regarded as a test of the right of journalists to have access to documentary evidence in court cases.

Miss Harman represented Mr. Michael Williams, who earlier this year unsuccessfully claimed damages from the Home Office over his detention in a prison control unit.

In pre-trial proceedings the Home Office claimed public interest immunity (formerly Crown privilege) for certain documents about control units, arguing that it would not be in the public interest for them to be disclosed in the case.

The plea failed and the documents were read or referred to in open court.

After the hearing Miss Harman allowed a Guardian reporter to see the documents.

The Home Office contends that when the documents were disclosed to her in the course of "discovery"—the process by which documents are exchanged between parties to litigation—Miss Harman gave "an implied undertaking" not to use them for any purpose other than the conduct of Mr. Williams' case.

The contention is based on past judicial pronouncements that documents disclosed on discovery should not be used for "collateral purposes."

Principle

The Home Office appears to have instituted the contempt proceedings in defence of what it regards as a point of principle: it denies any wish to interfere with responsible court reporting. Nonetheless, the case has serious implications.

Contemporaneous court reports are privileged—provided they are fair and accurate. There is nothing to stop a journalist with a good shorthand note publishing verbatim evidence read in court.

However, it is not uncommon for journalists to ask to see documentary evidence, in order to check that their notes are accurate and their understanding of the evidence correct.

Some solicitors and their clients readily comply with such a request, recognising that it is in no one's interest for inaccurate, unbalanced or otherwise inadequate reports to be published. Others do not.

It might have been thought that once evidence had been read or produced in open court it was part of the public record of the case and therefore accessible to the public.

Not so. Anyone not a party to a case can obtain a copy of an affidavit only with the permission of a High Court Master. It is virtually impossible to obtain a copy on the day the evidence has been read in court.

As for documents exhibited to affidavits (such as those in Miss Harman's case), Lord Justice Lawton said in a case in 1975: "The fact that documents are produced in open court does not give the public a right to inspect them."

Such "exhibits" are not filed with the court, which regards them as the property of the party producing them.

Frustrate

Lip service is frequently paid to the need for open justice; in practice it is a principle less than wholeheartedly embraced by some litigants and their lawyers, who are often far from willing to have their affairs publicised and have devised ingenious ways to frustrate publicity.

Normally articulate barristers have been known to suffer from fits of inaudibility, or to read affidavits so fast that Isaac Pitman himself would have been hard pressed to take an adequate note.

The public depend on the Press for information on which to base their opinions. When claims are made for Press freedom, it is for the freedom to investigate and report on behalf of the public; to satisfy the public's right to know how they are governed, how society is administered and how the laws to which all are subject are applied in particular cases.

If the court holds Miss Harman guilty of contempt, solicitors are likely to be even more reluctant to help the Press; the public will be even less well informed about significant litigation; and the self-interested advocates of secrecy and concealment will have won another victory.

And, no doubt, lip service will continue to be paid to the principle that justice must be seen, and heard, to be done.

Change of guard in Luxembourg

THE SOLITARY building on top of Kirchberg, the seat of the European Court in Luxembourg, will resound today with farewell speeches marking the retirement of Professor Dr. Hans Kutscher, the court's president.

Professor Kutscher is not only relinquishing the presidency, but also retiring from the court, and the farewell speeches will be followed by the swearing-in of the new German judge, Professor Dr. Ulrich Everling. When this is done the judges will elect a new president, and my guess is that it will be M. Mertens de Wilmars.

It would be wrong if this created the impression that changes in the European Court are of limited importance, concerning only a small band of EEC officials and lawyers.

With growing uncertainties in both the East and West, Europe needs unity more than ever. Yet it has been steadily moving away from the federalist ideals which inspired the fathers of the European Communities, and the accession of further members from the south of Europe will make a federation still more unlikely.

On another plane, the Community as it is will be put to a severe test next year, when its 1 per cent share in VAT revenues of the member States will fall short of the rising demands for agricultural subsidies. When money is short, family quarrels abound. In these circumstances the task of the court to guard the Treaties, to keep the Community together and to strengthen its institutions, becomes even more important than it is at present.

The court will be able to master this task only by facing the political reality. It is no god having a federalist court, identifying itself with the Supreme Court of the United States, when neither Bonn, London nor Paris are willing to subscribe to a European federation. The first years of Professor Kutscher's presidency were probably the best years of the court. The judges seemed to have moved away from the Commission's battle cry "integration—never mind the cost."

Unfortunately, last year the court slipped back into the old habit of saying that law is what the Commission thinks should have been provided for in the Treaty of Rome. The interpretation of the Treaty based mainly on its "objectives"—of which the court chooses freely those which best suit its purpose—angered in turn all the member governments. Business lawyers feel at a loss when the court makes its virtually impossible for them to advise companies by negating explicit provisions of the Treaty and claiming retro-active force for its judgments.

Member Governments still like to think that political pacts with strategic implications are their prerogative, but in its Opinion on the Natural Rubber Agreement the court held* that the Commission has to conduct negotiations, not only for commercial agreements, but also for those where business and politics are inseparably mixed. The treaty provided that after a certain time the Council of Ministers should replace

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

national marketing organisations by Community marketing systems. The Council has not done so, and the court stepped in bravely holding that the law is what they should have—but have not—agreed. The lamb war between the UK and France was the result.

In the field of competition rules the court changed its mind several times about the provisional validity of restricted agreements notified to the Commission. On the most recent occasion,** it gave the Commission the power to withdraw provisional validity of old (pre-1962 or pre-accession) agreements by a simple letter indicating that the notification was placed on a "dead" file.

One of the immediate consequences was that selective distribution agreements, which had been practised for 20 years, were suddenly opened to criminal prosecutions in France. Once a hole is made in the marketing structure of European companies in France, parallel imports by unauthorised dealers will bring down the marketing structure in the entire Community.

While the Treaty provided that certain things concerning free circulation of goods, competition and agriculture should be regulated by the Community, in other areas of lesser importance laws of the member countries were to be harmonised only by means of directives. These directives were to become law only through national legislation.

The court has on several occasions provided directives with a force of law in contradiction to the provisions of the Treaty. It has recently† redefined its position: where a directive requires a member state to confer, by its own law, rights on private persons and defines those rights with sufficient precision, a member state that fails to comply with that obligation may not seek to enforce against a private person provisions of its own law that are incompatible with the directive. This is only a round-about way of saying that the directives overrule national law.

To make matters worse, the court re-affirmed recently†† that when it says that a directive has direct effect, the ruling is retroactive as from the time the directive was made. In this way business managements will be able to learn about today's law only a few years hence.

In this situation, when the court is drifting away from the realities of both politics and business, one would like to hope that changes in its composition, however small, could provide the jolt necessary for the rethinking of its interpretation methods. The appointment of Professor Everling to the court could help it to take a broader view of its role in the Community.

Professor Everling is not, and never was, a judge. This may be of great advantage in a court which should always be aware of its political limits and of the impact of its decisions on business. Professor Everling learned much about such matters during his 27 years of service in the Federal Ministry of Economic Affairs in Bonn, where he was head of the department of European policy.

Professor Everling, who is very much a proponent of the step-by-step approach, has recently committed his views to paper§. He sees the Community as a multi-level structure designed to integrate certain activities, to harmonise others and to merely co-ordinate the rest—never forgetting that it is only an Economic Community—leaving the member States' sovereignty intact in other spheres.

In Professor Everling's view it is not the task of the European Court "to replace the politically responsible institutions if these do not act in due time, nor to strive for a Community which would be more supranational than justified by political developments."

The hope that this broader outlook will benefit the court is mingled with fear that as a newcomer Professor Everling will tend to accept a good deal of the case law of the court as it stands. The judges of the European Court can tame a newcomer in no time. One would like to think that they will not try on this occasion and instead make good use of the fact that they are not bound by their previous decisions.

* *Opinion of the Court of October 4, 1979 (this column October 25, 1979).*
** *Perfumeries Judgment (this column August 21, 1980).*
† *Case 131/79, Santillo, unreported.*
†† *Judgment in 826/79 of July 10, 1980 F.T. European Law Letter, October 1980).*
§ *"Possibilities and limits of European integration," Journal of Common Market Studies, March 1980 p. 217-228.*

Francome to regain title

RACING

BY DOMINIC WIGAN

TIM FORSTER, whose remarkable flow of winners in the second half of the 1970-71 campaign gave Graham Thorner a somewhat unexpected jockeys' championship, has backed John Francome to regain the title at the outset of the present campaign.

With the country's outstanding jump jockey, Jonjo O'Neill, almost certainly sidelined for the remainder of the season following his fall at Bangor 12 days ago, Forster must be more than hopeful of "collecting" through Francome who already heads the table.

This afternoon at Wincanton, the Letcombe Bassett trainer, who controls 18 comparable in size to that of Arthur Stephenson, will be hoping that he and Francome can add to their respective tallies through course specialist Mermoney.

Although his jumping lets him down on occasions (as it did last time out) Mermoney, a winner on his first two starts this term, has found few problems over today's fences. He put up his best performance last season on this track when running Parkhouse to three lengths over the course and distance. Sure to be given a confident boosting ride by Francome, who presents his horses to their fences better than anyone, Mermoney ought to prove capable of giving Gay Park 3 lb.

A second likely winner for Francome, a 5-4 on chance with both Hills and the Tote, who go 11-2 Tommy Carmody, is Lavengro. Although he is without the benefit of a previous run, this grey son of Crepello, out of Persian War's half-sister, Admonish, clearly goes well when fresh. On his seasonal debut last term, Lavengro, a half-brother to Remand, got off the mark with a fluent victory at Kempton before slamming Hudson's Bay by a dozen lengths at Sandown. The seven-year-old will have few problems in the Nailsworth Novices Chase, barring a serious jumping error.

Fulke Walwyn's leading Cheltenham Gold Cup hope, Diamond Edge, looks to be an automatic choice for the Terry Biddlecombe Challenge Trophy, now that last year's winner, Silver Buck, has come out; while at Southwell Antique Seeker could be the afternoon's best bet.

WINCANTON
1.00—Lavengro**
1.30—Sleepless Knave
2.00—Mermoney
2.30—Diamond Edge
3.00—Corrib Lad
3.30—Brown Bowler

SOUTHWELL
1.15—Clever General
2.15—King Vulture*
2.45—Antique Seeker***

TV/Radio

BBC 1

+ Indicates programme in black and white

9.00 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mr. Benn. 2.00 You and Me. 2.15 For Schools, Colleges. 3.55 Play School. 4.20 Touche Turtle. 4.25 Jackanory. 4.40 Heidi. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Amazing Adventures of Morph.
5.40 News.
5.55 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
7.55 Blankety Blank.
8.30 Rings on Their Fingers.
9.00 News.
9.25 Mackenzie.
10.15 Question Time.
11.18 News.
1.20 Kojak.
12.10 am Weather.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—10.10-10.30 am I Ysgolion. 2.15-2.35 pm Ffenestri. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 12.10 am Weather.

Scotland—10.10-10.30 am For Schools. 12.40-12.45 pm News. 2.40-3.00 For Schools. 5.55-6.20 Reporting Scotland. 8.30-9.00 Current Account Report: the closure of Wiggins Teape pulp and paper mill. 11.18-11.58 Come Dancing. 11.58 News.

Northern Ireland—3.53-3.55 pm News. 5.55-6.20 Scene Around Six. 6.55-7.20 Sportsweek. 12.10 am News.

England—5.55-6.20 Look East S5.55vP 0ay (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham; Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

11.00 am Play School.
4.50-5.30 pm Open University.
+5.40 Harold Lloyd film.
6.00 Grange Hill.
6.20 Carnival of the Animals.
6.45 News.
6.50 Doris Day: "Calamity Jane."
8.30 Russell Harty.
9.00 Great Railway Journeys of the World.
10.00 International Tennis.
10.45 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News. 1.30 For Maddie With Love. 2.00 After Noon Plus. 2.45 House of Caradus. 3.45 Life Begins at 40. 4.15 Little House on the Prairie. 5.15 Mr. and Mrs.
5.45 News.
6.25 Help!
6.35 Battlestar Galactica.
7.30 The Glamour Girls.
8.00 Benny Hill.
8.30 TV Eye.
9.00 Minder.
10.00 News.
10.30 Thames Report.
11.00 Lou Grant.
12.00 What the Papers Say.
12.15 am Sit Up and Listen.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline. 1.20 pm Anglia News. 3.45 John Smith Show. 4.15 Mambly. 4.20 Project UFO. 5.15 Brady Bunch. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Bygones. 10.30 Folio. 11.00 Have Girls Will Travel. 12.00 George Hamilton IV. 12.30 am Living Word.

ATV

1.20 pm ATV News. 6.00 ATV Today. 6.05 Crossroads. 6.30 ATV Today. 7.00 The Glamour Girls. 10.30 Here and Now. 11.00 News. 11.05 Thriller: "The Killing Game."

BORDER

1.20 pm News. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Soap. 11.00 SWAT. 12.00 News.

CHANNEL

1.20 pm News. 6.00 Channel Report. 6.35 Crossroads. 7.00 Monkees.

GRAMPIAN

1.20 pm North News. 5.40 Police News. 6.00 North Tonight. 6.35 Crossroads. 7.00 Andy's Party. 10.30 Reflections. 10.35 Soap. 11.05 Thriller: "Look Back in Darkness." 12.30 am News.

GRANADA

1.20 pm Granada Reports. 6.00 Granada Reports. 6.25 This is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 10.30 Celebration. 11.00 Barney Miller. 11.30 What the Papers Say. 11.45 Bluey.

HTV

1.20 pm News. 5.05 Jobline News. 5.20 Crossroads. 6.00 Report West. 6.30 Barney Miller. 7.00 Emmerdale Farm. 10.35 Our Little Town. 11.05 Have Girls Will Travel.

HTV Cymru/Wales—As HTV West except: 9.30-9.45 am About Wales. 9.52-10.07 Mwy Neu Lai. 12.00-12.10 pm Owain A'r Olion. 4.15-4.45 Follow Me. 4.45-5.15 Sêr. 5.15-5.20 Cartoon. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales. 6.30-7.00 Sports Arena. 10.35-11.05 A Nest Myth. 11.05-12.00 Second Opinion.

SCOTTISH

1.30 pm News. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Mr. and Mrs. 7.00 Take the High Road. 10.30 Encore for the Arts. 11.15 Soap. 11.45 Late Call. 11.50 Mannix.

SOUTHERN

1.20 pm Southern News. 5.10 Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.35 Cross-Channel. 11.05 Theatre in Camera. 12.30 am Weather; Music Speaks Louder Than Words.

TYNE TEES

1.20 pm North-East News. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North-East News. 10.32 Superstar Profile: Michael Caine. 11.00 Come In, If You Can Get In. 11.30 Soap. 12.00 Meet the Faith.

ULSTER

1.20 pm Lunchtime. 4.13 News. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Weather. 10.30 Counterpoint. 11.15 Soap. 11.45 Bedtime.

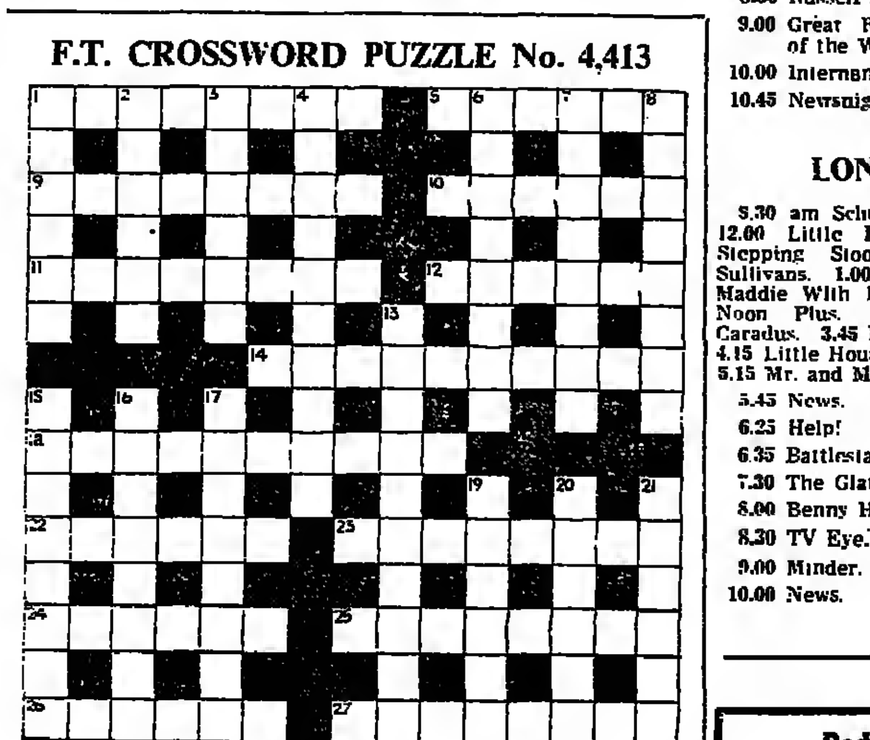
WESTWARD

1.20 pm News. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Preview West. 10.32 News. 10.35 Soap. 11.05 Politics West. 11.20 Brass in Concert. 12.05 am Preview. 12.30 Faith For Life. 12.35 Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 6.00 Calendar. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Country Calendar. 11.00 Kaz.

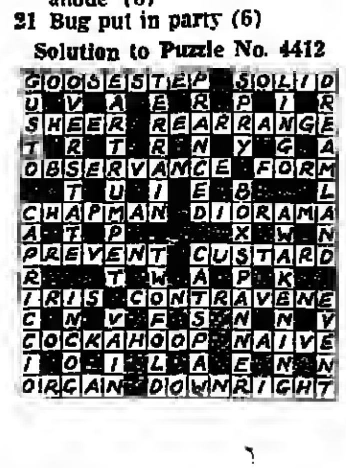
F.T. CROSSWORD PUZZLE No. 4,413



ACROSS
1 Search for a chance of success (8)
5 Interval right for a typist? (6)
9 Finishing work and going to bed (8)
10 Healed Pole internally and swore (6)
11 Superintendent with nought to reverse awkwardly (8)
12 A mother in charge could be naked (6)
14 Indigenous sailor with novel (10)
18 Unkindly repeat one who cannot read (10)
22 Ancient language caught the eye (6)
23 Biscuit from a Roman Co.? (8)
24 Border right for church official (6)
25 Check one side and strike (8)
26 Fame put in bird (6)
27 Increasing like a satellite (8)

DOWN
1 Excuse fellow after fish (6)
2 Exit not in lease (6)
3 Examine critically for each custom (6)
4 Cathedral bell (10)
6 Beat on time for commission (8)
7 Window as set in mortar (8)
8 Turned up lucid, but in bad ire from mockery (8)
13 Type of muscle required by professional puller (10)
15 Find record finished (8)
16 Applaud stage exit? Nonsense! (8)
17 Harsh way to travel to Northern Territories (8)
19 University making eccentric drink up (6)
20 Reverence for silver in abode (6)
21 Bug put in party (6)

Solution to Puzzle No. 4412



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates. 3.32 Peter Powell. 5.30 Newsbeat. 5.32 25 Years of Rock. 7.31 Mike Read. 10.02 John Peel (S).

RADIO 2

5.00 am News. 5.03 Ray Moore (S). 6.15 Pause for Thought. 7.32 Terry Wogan (S). 8.27 Racing. 8.45 Pause for Thought. 10.03 Susannah Simons (S). 12.03 pm David Hamilton (S). 1.45 Sports. 2.03 Ed Stewart's Request Show (S). 2.45, 3.45 Sports. 4.03 Much More Music (S). 4.45, 5.45 Sports. 6.03 John Dunn (S). 6.45 Sports. 8.02 Wightman Cup. 10.02 News Huddlines: Roy Hudd. 10.30 Star Sound Extra. 11.02 Brian Matthew. 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Walton (S). 10.00 Carlo Gesualdo (S). 10.25 Rheinberger and Schumann (S). 11.25 Royal Liverpool Philharmonic Orchestra (S). 1.00 pm News. 1.05 Manchester Concert (S). 2.00 Eder Quartet (S). 2.55 In Repertory (S). 3.55 Beethoven and Franck (S). 4.55 News. 5.00 Mainly For Pleasure. 7.00 Talking About Music (S). 7.30 As Radio 4. 9.30 Words. 9.35 Nielsen wind quintet (S). 10.00 Play: "The Licence." 11.00 News. 11.05-11.15 Beethoven (S).

RADIO 4

6.00 am News. 6.10 Farming. 6.25 Shipping Forecast. 6.30 Today. 6.45 Prayer for the Day. 7.00, 8.00 News. 7.30, 8.30 Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Thicker Than Water. 9.30 Living World. 10.00 News. 10.02 Not a Penny More, Not a Penny Less. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 File on 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather. 1.00 World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Fritz Spiegl's Musical Alphabet. 4.05 Bookshelf. 4.35 Enderby. 5.00 PM: News. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Verdi Requiem (S). 8.15 Forked Tongues. 8.35 Verdi Requiem (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 World Tonight: News. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. 12.15-12.23 am Shipping. Inshore Forecast.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 Robbie Vincent Telephone Programme. 11.00 Natural history. 1.03 pm London Live. 4.30 News. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time: House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Douglas Cameron and Ailss King. 10.00 Brian Hayes. 12.00, 2.00 pm, 4.00 LBC Reports. 8.00 After Eight. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports. 1.00 am Night Extra. 4.00 London Interview. 5.00 Music.

Capital Radio

2.00 am Richard Allinson's Night Flight (S). 6.00 Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 3.00 pm Roger Scott (S). 7.00 London Tonight with Bryan Wolfe (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

THE ARTS

Riverside Studios

Ghashiram Kotwal

by MICHAEL COVENEY

Set in Poona at the end of the 18th century, this colourful and exotic dance drama by Vijay Tendulkar is yet another large feather in the Riverside internationalist cap. London has had no World Theatre Season for five years and this brief visit (ending on Sunday) by the Theatre Academy of Pune would surely have been hailed, in the old days, as an outstanding occasion.

The story, which takes the form of a ruthlessly amoral fable, is simple enough. A poor Brahmin from the North, Ghashiram, ingratiates himself with the dissolute Chancellor of the Maratha Empire, Nana, after working for a dancing girl. He provides Nana with his *own* daughter and is subsequently appointed Kotwal, or Chief of Police. When his daughter dies in childbirth, he takes revenge by instigating a reign of terror. The people turn against him and stone him to death and his fate is hypocritically used by the Nana to restore a sense of peace and festival.

The action is couched in a most splendid display of rigorous gesture, elaborate costume and viciously effective musical accompaniment. In front of the actors, the musicians squat over their percussive instruments. There are bells and a portable harmonium. Little in the way of slack drumskins. Mostly, the drumming is hard and frenetic. One drummer makes the tom-tom fiercer by wrapping his legs round it. When Ghashiram is stoned to death, the noise made on a side-drum (no snare) with very thin sticks is deafening, even though the roll itself is perfectly controlled.

For people who think of Indian music as the endless tape-recorded whine served up in curry restaurants, the show will be a revelation. There are even *surprise* cadences in the major key. Most of the singing is done by a male chorus line of bare-footed Brahmins, from whom a tiny chap with a wonderful comic dignity emerges as the audience's favourite. Mohan Agashe is seductively suave as the lecherous Nana — he even has a fluid dance when he sprains his ankle — and, as Ghashiram Ramesh Tillkar gives a tremendous demonstration of how a studied style of rhetorical expression and deliberate movement can, paradoxically, convey emotional turmoil. Belly dancers, feast days, mob riots and death rattle: even without an understanding of the specific satirical invective in the text, the evening proves exhilarating and irresistible.

*

The unstated premise of Pam Gems's lunchtime play at the King's Head, *Up In Sweden*, is that riots could happen when, and because, there is nothing to riot about. Look at Switzerland. I recently saw a contemporary Icelandic play along similar lines. Miss Gems puts five boys on a stage to illustrate the idea and gives one of them, excellently played by Michael Malooney, a good role as the questioning sidekick. But the half-hour generates the wrong sort of static. Apart from the leader of the pack trying to get someone to kill him, and the others moaning on about the burden of privileged middle-class life, nothing happens. The idea, though, is a good one and the writing sharp. Could it just be a sketch for something larger?

Mohan Agashe (left) and Sujala Watve — Leonard Burt

Wexford Festival—1

Orlando

by DAVID MURRAY

Unconfirmed by English licensing hours, Wexford has the most convivial of festivals. The revels stayed buoyantly afloat during three days of almost continuous rain on my weekend visit. For a Festival Opera devoted to rare and risky works, the flow of good will must be wonderfully reassuring.

The Handel revival of the past twenty-odd years has not needed special prompting from Wexford; with *Orlando* they are essaying Handel for the first time, and have benefitted from the lessons of other re-creations in the genre. James Judd drew suave, spirited playing from an orcestra of te rigt size and composition. Te igbly formal premises of the style were *not* controverted, but accepted and resourcefully filled out: the *da capo* sections of arias were frankly delivered from the footlights, for example, ornamented boldly and aptly.

The producer Wilfred Judd experimented with the elusive tone of this "magic" opera (one of thre that Handel drew from Ariosto's epic *Orlando Furioso*). Among its conventionally crossed lovers, Orlando himself is pressed to a crisis of unconventional desperation that a merely *decorous stage-fresco* would spoil, and he has a tutelary magus — Zoroastro, sung with a splendid authority by Roderick Kennedy — who is no pantomime wizard, but an imposing and mysterious spiritual guide. Kandis Cook's sets are a matter of geometrical constructions, unlovely in themselves, around which the *dramatis personae* — in full period fig — draw their own magnetic fields. And to much effect: Judd has contrived the action so that all their stately processing, which the form of the score enforces, serves to keep the lines of sentimental battle clear and taut. No aria is allowed to seem a mere concert number, and the few (but very enterprising) ensembles focus mingled passions which have had a continuous dramatic life throughout the succession of self-contained solos.

As *Dorinda*, a shepherdess of both sense and sensibility, Lesley Garrett was irresistibly bright, musical and engaging—even at some cost to Handel's and Judd's most elevated intentions: for the furiously mad Orlando, seen through her eyes, became a figure of fun in the last act, and the depth of his plight never recovered its awesomeness. *Earlier*, John Angelo Messana's counter-tenor had invested him with ringing power (despite some frayed patches, where a hint of vocal hysteria wasn't inappropriate), and then — having perhaps over-sung — offered a mad scene that was underpowered, but searchingly subtle. Musically, that is; his ardent demeanour was compromised from the start by a deplorable moustache which sat, or hung, very badly with his heroic gear and plumes, suggesting an elderly eccentric.

Bernadetta Greevy swam serenely through the action in travesty as the soldier Medoro, displaying inches of ambiguous eye-glitter and a ripe, warm contralto line. Alison Hargan's arching soprano—she was the Queen of Cathay—made a lovely complement, a tendency to too-Romantic melting nicely compensated by poise and elegance of phrase. Nobody would suppose that this version of *Orlando* was a definitive rendering of the piece; and yet it was attentively faithful in its fashion, and full of stylish life.

Arts news in brief

Pablo Elvira, the Puerto Rican born singer, is to make his British debut in the forthcoming series of performances of the Welsh National Opera's new production of *Tosca*.

Elvira was available for the five performances in Cardiff and Coventry following the cancellation of the New York *Metropolitan Opera season*.

*

Mr. Norman St. John-Stevas, Minister for the Arts, has accepted the recommendation of the Standing Commission on Museums and Galleries that a double-sided sheet of drawings by Michelangelo for his painting "The Last Judgment" should be allocated to the British Museum.

The drawings were accepted by the Treasury in lieu of estate duty and the net cost was borne by the National Land Fund under the previous acceptance in lieu procedures.

Geraldine McEwan as Lady Brute and John Wood as Sir John Brute — Leonard Burt

Lyttelton

The Provok'd Wife

by B. A. YOUNG

Sir John Brute is a good example of Vanbrugh's comedy at its most ferocious, and the scene where, on a drunken spree, he is arrested by the watch while wearing his wife's gown is good stuff. But the truth is that the play is a romantic play; the three principal threads of plot—Constant's courtship of Lady Brute, Heartfree's courtship of Bellinda, the unlucky hunting of Heartfree by Lady Fancyfull—are all romantic, and Sir John Brute is no more than the comic relief. Peter Wood's production is romantic in the extreme.

He has set it on the wintry banks of the River Thames, moving indoors only by drawing on an appropriate item or two of furniture but *leaving* Carl Toms's beautiful backdrop visible at all times. (Delightful how the windows light up at night; but where is the smoke *from* the fires?) The last act is actually played on the ice, a line of leafless willows hiding the feet of the players.

Constant and Heartfree are both given rather restrained performances in the circumstances. Nicky Henson begins almost tongue-tied when he first meets Lady Brute, and later on remains the complete gentleman even when threatening Sir John (in the most gentlemanly terms) with his sword. Heartfree's specific characteristic is his indifference to women; but I think Michael Kitchen might have allowed him a little more subjugation to Bellinda's charms, especially when Lindsay Duncan makes such an enticing Bellinda. As Lady Brute, Geraldine *McEwan can afford to let herself* go, and does; at, she she gives her a kind of mewing intonation that put me in mind of the Morningside voice of Edinburgh, but *in action* her emotions are effectively let off the lead.

Sir John's night out is beautifully done by John Wood with his ghastly cronies. *Physically*, he too has begun with restraint; you could mistake his Sir John for a gentleman of a kind even when he is rebuking his wife for asking if he will dine at home. This adds extra disgust to his later appearance, unkempt and unruly, his wife's dress flapping about him, bloodstains down the front of it. But it's an odd character in the way it fades out at the end, and John Wood, his back half-turned to the audience, gives the idea that he is as tired of roistering as he is of his wife.

Only Lady Fancyfull and her attendant Mademoiselle really slough off respectability. Dorothy Tutin becomes more and more affected as she is dressed before her great glass ("Affectation? Moi?") until she has become the acme of Restoration foolishness, with her scheming Frenchwoman (Brenda Blethyn) playing up to her with the help of Sir John's valet, a domestic mole.

I found the evening passed a little slowly for all its good things. I have no doubt it will settle down once it has got used to this enormous stage, where the scenery looks almost as widely separated as at *Sweeney Todd*.

Wigmore Hall

Jennifer Smith

by RONALD CRICHTON

Tom Eastwood's *Caraiatena*, a set of five Brazilian songs, received its first British performance last night at the beginning of Jennifer Smith's recital. The texts by various Brazilian poets are *full* of atmosphere, uninhibitedly and skilfully reflected in the music. The first and last are recognisably Latin-American in flavour, the remainder might be described as tropical.

The colour is not applied superficially. It goes, so to speak, all through. The peaceful end of the third song, "Cancao," is noteworthy. The voice ranges widely and there are meaty piano parts which kept Geoffrey Parsons rewardingly busy. The songs deserve to be taken up by other performers even though they may not bring to them the special skills of these two.

Miss Smith is a soprano of great versatility and refinement blessed with better vocal equipment than is always given to artists of her type. The voice is naturally beautiful and it has a rich, steady middle — top and bottom notes catch the headlines, but it is, after all, the *middle* voice that *has* the most to do. Miss Smith is also a fluent linguist — last night she sang with equal ease in Portuguese, German, French and Spanish. As the presence at this concert of several distinguished colleagues testified, she is highly regarded in the profession.

Why then, in spite of the considerable pleasure her singing gave, did this recital leave one with a certain reserve? Because, I think, the singer herself is too reserved, too cool in projection. Cool, not cold: there is obvious warmth of feeling but it does not always reach the back row. *One feels a certain emotional* passivity. The singer is still chary with facial expression — acting after all is part of Lieder-singing.

Perhaps as a result those composers fared best who don't demand the utmost subtlety of inflection — Fauré, Brahms and Strauss. Two Debussy songs were a little laboured in their delicacy, the Wolf (including a splendid group from the Spanish Songbook), was full of perception but only towards the end of "Geh, Geliebter" did the singer allow herself to be carried away. Sometimes (in Debussy for instance), speeds were slow but she does not in French songs make the English mistake of lowing down self-indulgently. Mr. Parsons was in masterly form.

Huddersfield Festival

by PAUL DRIVER

The third Huddersfield Festival of Contemporary *Music* closed last night. That there was a third such venture — unique of its kind in this country — was a striking enough achievement. The tremendously hard-working (relatively unaided) artistic director, Richard Steinitz, revealed in his preface to the brochure that in spite of last year's "large and enthusiastic audiences" prospects had become so dim that six months ago no artists had been booked. In the event, miraculously, he was *able* to *flourish an interesting*, accomplished array of performers and six days' thoughtful, diverse yet coherent, programmes, workshops, discussions.

Huddersfield makes an amenable, surprisingly attractive setting for a small-scale festival. It is a compact, well-arranged town; the venues, centred on the Polytechnic Department of Music (which happens to have the largest number of students in the land), were readily accessible. Mr. Steinitz is on the staff at the Polytechnic; during the week we heard one of his own compositions (*Tableaux of Heraldic Animals*, played by the Grimethorpe Colliery Band) as well as music by colleagues John Casken, Margaret *Lucy* Wilkins, and Arthur Butterworth. Casken was represented by *A Belle Pavine* for violin and tape (given by Christopher Rowland) and his fervid setting of a George Macbeth poem, acclaimed at last year's Bath Festival, *Firewhirl* (sung by Teresa Cahill with the Capricorn Ensemble). This work has blinding rhythmic energy and opulence both of vocal line and accompanying instrumental web. Since there is occasional free-floating of the polyphonic strands, one wondered to what extent it mattered when singer and players were not quite together at other times. Noticeable was an undue reliance by Mr. Casken on unisons to articulate his dense textures; yet his musical strength is evidently sufficient to dispense with any such cliché.

Capricorn's concert was significantly planned. A Petrassi British première, the neo-serial, no less neo-classic *Tre Per Sette* (1966), sounded the week's Italian theme (piano recital by Giuseppe Scotese; two concerts by the Garbarino Ensemble). Webern's reduction of Schoenberg's first Chamber Symphony and the Stravinsky Septet would be complemented on later days by Schoenberg's two-piano version of his second Chamber Symphony and by the Schoenberg Suite op. 29 respectively. Such cunning proved typical of Mr. Steinitz, who showed almost an excess of it in linking everything up.

For instance an undeclared socialist relevance was constantly erupting. The *second*, *L'oro nero del Peru*, of Helmut Laberer's piano/percussion compositions (given by the Duo Tozzi-Laberer) turned out to be a paean to the oil-workers of Talara and Piura. Laberer's crude sub-Bartokian poundings were here found usefully descriptive. A vastly more subtle attempt in the same direction was reflected in Frederic Rzewski's *Winnsboro Cotton Mill Blues*, an item from the two-piano programme which Rzewski and Ursula Oppens are currently touring round the country. Inspired by episodes in the film *Norma Rae* where "the voices of the actors are nearly engulfed by the fantastic racket of the machine environment," *Rzewski has* contrived an envelope of grinding, "processed" rather bizarre piano beats in which to smother the workers' song of the title until it breaks out with a florid lilt twords the end. It is an absorbing but not wholly successful piece, with an incomplete feel as thought it were only the first two-fifths of a larger conception. It has little of the devastating confidence (and inventiveness) of the *36 Variations on 'The People United Will Never Be Defeated!'* (piano solo) with which Rzewski amazed audiences at last year's festival.

The political motif crept into Jane Manning's and Barry Guy's duo recital in the form of Edward McGuire's settings from the Penguin Book of Socialist Verse, *Moonsongs*. McGuire's music here is commendably thorough, both entertaining and incisive. It is *also* resourcefully idiomatic for double-bass; as was Anthony Gilbert's *Long White Moonlight*, another lunar response to the duo's commissioning. Of its six songs redolent of *koto* music and similar instrumental styles, depicting the five Eastern seasons, "Summer" was outstandingly effective—a native élan somehow animating its exotic lineaments. Nigel Osborne's *Madeleine de la Sta-Baume* had a characteristically ambitious metaphysic, and undoubted depth of substance; but seemed inchoate in its technical realisation.

Another of Mr. Steinitz's emphases was the question of improvisation — political connotations obvious enough here. On Saturday afternoon Frederic Rzewski directed volunteers in his *13 Instrumental Studies*, which are frameworks for the evolution of free improvisation out of defined, tuneful—indeed jaunty—starting material. Considerable purity and intentionlessness may thus be achieved. Rzewski's passing comments were often instructive: once he exhorted the players to be quite free but to make sure they produce the *right* note. Afterwards a forum discussion took place, permitting views on improvisation as varied as those of jazz pianist Howard Riley, tubist Melvyn Poore, composer Trevor Wishart, Guy, Manning and Rzewski himself to mingle fruitfully. Wishart's opinions cohered best, because obedient to an artistic philosophy — actually very Cageian—concerning itself hardly at all with conventional music-making. He opposed Rzewski's contention that improvising resembled a game of chess, the expert player being *able* to draw on a huge repertoire of memorised situations. He preferred to conceive of an absolutely original musical responsiveness to be educed for instance by manipulations with bits of polystyrene, where only the most basic familiarity with the properties of polystyrene would be a help.

Though most of the panellists had agreed that improvisation was not to be regarded as a form of therapy, it was difficult not to sit through Howard Riley's late-night, hour-long session without feeling, at any rate, that no small amount of egoism is involved. I found his sustained piano-bashing facile and scandalous. One was merely being asked to admire a feat, the music a means not an end. Rzewski's and Oppen's rendering of John Cage's *Winter Music*—its random chords dropped like stones on the ground—restored objectivity to the improviser's art if it did nothing else. Their concert included, as well as the Schoenberg and Rzewski works mentioned, another of Miss Oppen's stunning performances of Elliott Carter's new *Night Fantasies* (a piece wonderfully removed from the improvisational) and two innocuous, melodious sketches by Christian Wolff (*Harmonic Tremors* and *Acres of Clams*).

John Tilbury's anachronistic note on the latter (they had "a distinctly egalitarian flavour" we were told) clinched the revival of 1960s experimentalist ethos that had steadily been fostered over the weekend.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Thursday October 30 1980

Prisons out of control

WITHIN THE narrow framework of the confrontation between the Home Office and the Prison Officers' Association, Mr. William Whitelaw, the Home Secretary, is no doubt well advised to take emergency steps to ease the overcrowding of prisoners, either by releasing some prisoners early, or by releasing prisoners who are on remand but not sentenced. Critics have argued that this represents a most dangerous interference in the independent authority of the judiciary. But the much more serious question is this: if it is possible to be more discriminating in the locking-up of prisoners, why is this only being undertaken on a temporary and arbitrary basis, and not as part of a more broadly-based penal reform?

More lenient

It has long been acknowledged that many of our prisons are scandalously overcrowded, and it is widely recognised that many of the prisoners should not really be in prison at all: the drunks, the destitute, social misfits, fine defaulters. Moreover, about an eighth of the prison population consists of people on remand: they may wait for trial for months, but in the event less than half of them tend to get prison sentences.

Even for those who should properly be in prison, there is a serious case for a review of penal policy. As a deterrent and as a reassurance for the rest of society, it may be right that the most serious criminals should spend many years in prison. But there is no consensus that in general long sentences do more good to the prisoners than short sentences, and some doubt whether prison does any good in that sense. Holland and Sweden both operate much more lenient sentencing policies than the UK, without any apparent adverse effects.

Overcrowding inevitably undermines any chance that the custodial institutions can have a remedial effect on prisoners; it has also played a central role in the steady deterioration in relations between the prison officers and the Home Office. Partly because of the growing sense of agnosticism about the purpose of incarceration, and partly because of overcrowding, prisons and prison officers have increasingly been confined to a purely custodial function. It is not at all clear that prison officers are, in general, equipped for much more sophisticated tasks, since the service is probably the only branch of the civil service which requires no educational qualifications. But it is evident that a purely custodial function can offer little job satisfaction, especially when the prisoners are made more difficult by the inadequacy of the prisons themselves. It is not surprising that the POA should express its resentment by battling over money, or that the most militant officers are those in the prisons with the worst conditions.

Triviality

It goes without saying that the prison officers are behaving extremely badly in the present dispute. Their disruptive tactics are out of all proportion with the relative triviality of the money involved, especially since they are on the whole rather well paid. They have not yet succeeded in provoking a prison riot, but they have done little to reinforce their claim to more responsible and fulfilling work.

But the real onus for the present situation must be laid at the doors of successive governments, which have failed on two counts. First, they have failed either to adapt sentencing policy to the size of the prison stock (let alone to more modern notions of penology) and they have failed to bring the prison stock up to the size and standard required by their sentencing policy. Second, over a period of years they have allowed authority over the running of the prisons to slip out of their fingers into the grip of the prison officers.

Inequities

The Home Office appears to be using the current meal-break dispute for a last-ditch stand in defence of its enfeebled authority over the prison officers. On paper it is right to do so. The May Committee last year ruled on this and other claims of the POA, and its recommendations were accepted by the Government. The trouble is, first, that there do seem to be inequities, second that the basic rules are so complex that they lend themselves to legalistic dispute.

Merely to give in would solve nothing. What is required is a package which simplifies the pay rules so as to reduce the incentive for fiddling the rule book; which offers prison officers more training and more responsible work; and which restores some authority to prison governors. But the Government probably cannot regain control over the prisons without taking long-term steps to reduce overcrowding.

Trudeau starts a fight

ECONOMIC NATIONALISM has been a recurring theme in Canadian history ever since Canadian confederation in 1867. The Trudeau Government therefore picked up an established motif in announcing plans to bring about 50 per cent Canadian ownership of the oil and gas industry by 1990.

It was a Trudeau Government which, in 1974, set up an agency with powers to screen foreign investment unless it was of "significant benefit" to Canada. It remained largely ineffectual—so much so that Ottawa is now working on plans to reinforce the authority of the Foreign Investment Review Agency. Their shape remains to be seen. But judging by the documents tabled on Tuesday, the Government is very much in earnest where petroleum is concerned.

The strategy proposed to the Canadian Parliament has two prongs: to give more favourable treatment financially to Canadian-owned oil companies; and to extend Government ownership in the industry. At present Ottawa owns Petrocan, the country's seventh largest oil company.

Petroleum tax

The energy policy contains three other main ingredients: to increase tax revenue from petroleum, mainly at the expense of the oil companies, for fiscal reasons; to allow the price of oil, at present held artificially low at a well head price of C$16.75 (about US$ 14.27) to climb towards 85 per cent of the world price or the U.S. domestic price, whichever is lower; and to conserve oil, of which Canada is a net exporter, by increasing the use of natural gas, of which it has a surplus.

The second and third of these aims have parallels in the past. The intention to keep the price of oil below U.S. levels is designed to give Canadian manufacturers an advantage over U.S. competitors with greater economies of scale, just as the protective tariff was intended to do in pre-Gatt days.

The enhanced use of natural gas, at present mainly a Western product, will require the extension of the existing pipeline system eastward beyond Montreal to Quebec City and the Atlantic provinces. The sponsors of the scheme no doubt see a parallel to the railways which in the 19th century strung together British Columbia, in the west, with the provinces of eastern Canada.

From the Government's viewpoint it is all part of a grand national design, with which Mr. Pierre Trudeau hopes to leave his mark upon history. The political side of it was the defeat of the Quebec separatists in the referendum of last May, followed up with Mr. Trudeau's plan to give Canada its own constitution by removing from Westminster to Canada the power to amend the British North America Act.

Dangerous

The Prime Minister is stepping on to dangerous ground. The so-called patriation of the constitution will involve a bitter political and court battle with several provinces; so will the energy policy. The first reaction from Alberta, the main producer of Canada's gas and oil was hostile. The provincial Government already has equipped itself with powers to reduce or, in theory, even to shut down production.

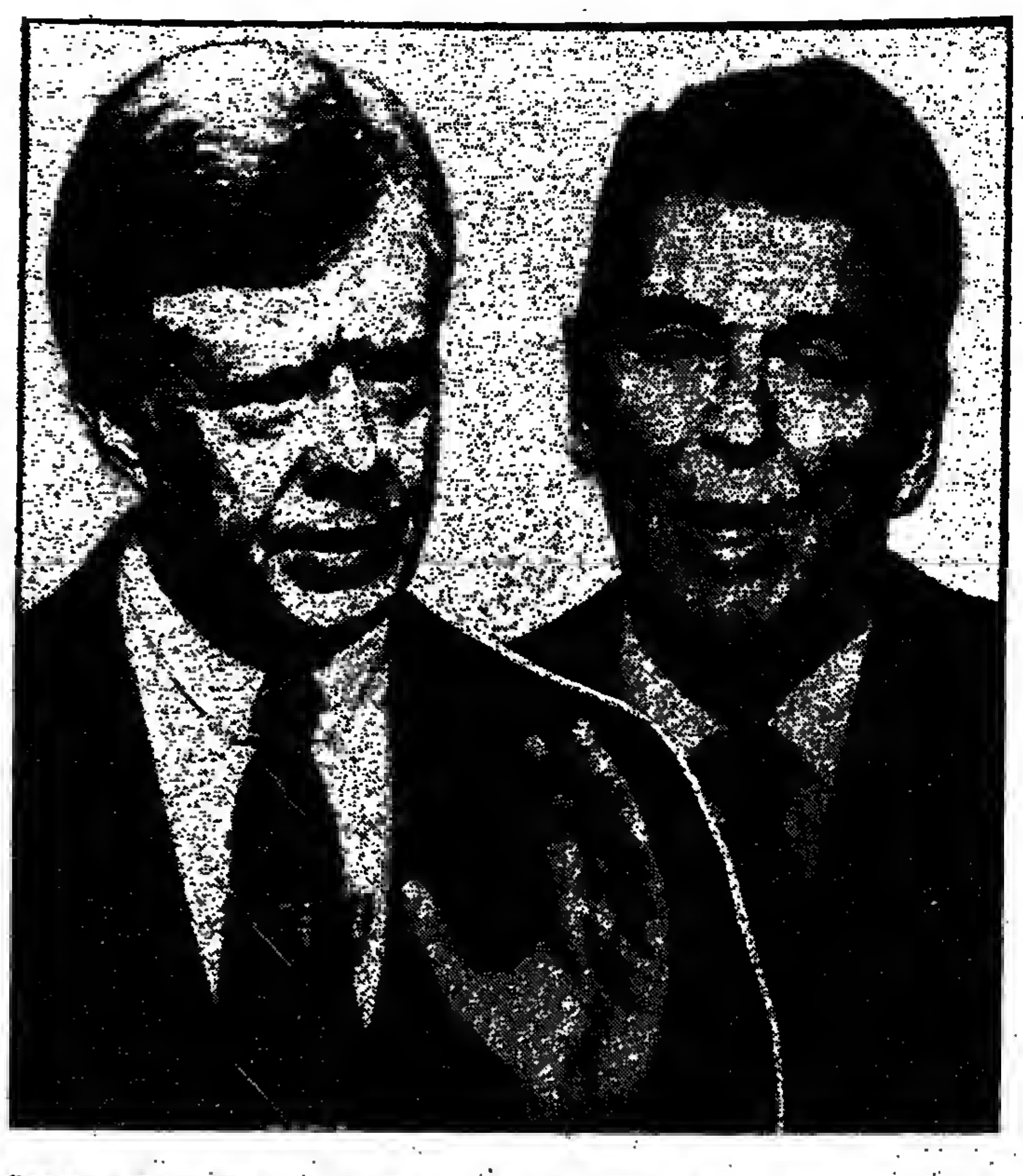
Moreover, though Canada does have a certain dirigiste tradition, Canadians, especially those in the West, adhere to the North American business ethos. They are also dependent upon capital imports to make good their heavy deficit on current account. Their Government argues that, taken overall, the oil industry is a net exporter, not an importer of money. But that is only a partial view: Canada requires capital not only for oil and gas, but for a host of other energy and resource developments.

It is perfectly plain, therefore, that Mr. Trudeau has a fight on his hands to get the national design together. The outcome is unpredictable, but it is as well for all to remember that compromise always has been the life blood of politics in a federal state.

THE U.S. ELECTION: THE TV DEBATE

Carter—but don't bet on it

Jurek Martin assesses the performance of President Jimmy Carter and his Republican challenger, Reagan, in this week's nationally televised debate and considers whether either candidate gained any advantage in the closing days of the campaign.



ARTURO TOSCANINI, the story runs, once stood in the middle of the Music Hall in Cleveland, Ohio, clapped his hands loudly, listened for the acoustical response and pronounced imperiously that he would never conduct in that arena.

There was a moment, about half an hour into his televised debate from the Cleveland Music Hall on Tuesday night with President Carter, when it almost looked as though Ronald Reagan should have followed the maestro's advice. He had just committed an error, possibly of serious dimensions, in saying that when he was young America did not know it had a racial problem. He was looking defensive, flustered and a little bit old.

At that time, Mr. Carter, icily poised, appeared to know precisely what he was doing. You could virtually hear his mental computer whirring as he ticked off, one by one, the Democratic Party constituencies he was intent on appealing to—the Blacks, Hispanics, Jews, women, the young, environmentalists. The questions had been more those he wanted (war versus peace, social injustice) than suited Mr. Reagan, who had not, by then, made the meal he might on economic mismanagement. The President's controlled offensive appeared to be working in what many thought would be the critical opening exchanges during which the attention of the viewers would still be held.

By the end of the full 90 minutes, the balance was, perhaps, more equal. Mr. Reagan finished well with his standard stump speech on the need for "a crusade" to make America great again: "Are you better off," he wound up, "than you were four years ago? This country doesn't have to be in the shape it is in."

He appeared to have regained his composure, looked more relaxed than the President, had committed no subsequent *faux pas* and certainly did not give the impression of being the bomb-happy ogre of Mr. Carter's imagination.

All judgments are necessarily subjective. The verdict of the Press, perhaps arrived at from too close a vantage point, may be at great variance from that formed in the bars and living rooms of the country. The consensus view of the plethora of commentators and analysts after the event was that since neither the President nor his Republican challenger shot himself in the foot both could walk away, towards next Tuesday's presidential election, with cause for optimism.

The Washington Post's headline on its front page analysis read: "Carter on points, but no KO." The New York Times was regally neutral: "No clear winner apparent." Walter Cronkite, the dean of television anchormen, gave the impression he thought Mr. Reagan had done rather well, largely because he was more relaxed and showed himself fit to share the stage with the incumbent President. "Uncle Walter's," verdict is significant, given his pre-eminence: it certainly seemed to inhibit other reporters from the same network, CBS, who otherwise might have made more of their barely-concealed opinion that Mr. Reagan spent too much time on the defensive.

Random polls, with one exception, also pointed to no clear result. The exception was an innovative phone-in survey conducted by ABC Television, which produced twice as many votes for Mr. Reagan, but even its organisers conceded it was an imperfect, unscientific instrument bedevilled with technical problems.

What did come through in what was a generally civilised, occasionally sharp exchange of views, a confrontation which could well determine who inhabits the White House for the next four years, was the carefully defined goals each man set out to achieve in the debate.

The extreme closeness of their contest made it critical for both Mr. Carter and Mr. Reagan to delineate their ground. Nationally, the polls show that the President has at least pulled level, perhaps inched ahead. But it remains true that Mr. Reagan seems to possess a greater regional base and, therefore, in an election determined by the mathematics of the electoral college, may still hold a marginal advantage. He could, indeed, get fewer votes than Mr. Carter and still end up President.

Mr. Reagan got in one of his better counter-attacks

But not if Mr. Carter can persuade Democrats, the country's majority party, to vote for him in sufficient numbers. Thus his principal goal on Tuesday night, which he seemed to achieve, was to try and demonstrate that it is the Democratic Party, whose standard he carries, which is closest to the mainstream of American political life and that he is himself receptive to the concerns of its disparate constituencies.

Mr. Reagan helped Mr. Carter pursue this aim, to a degree, especially on the racial question. Neither Mr. Reagan nor his supporters, probably, saw anything wrong when he remarked: "I happen to believe that we've made great progress from the days when I was young and when this country didn't even know it had a racial problem." But Mr. Carter did, and was quick to seize the opening.

"I noticed," he responded, "that Governor Reagan said that when he was a younger man that there was no knowledge of a racial problem in this country. Those who suffered from discrimination, because of race or sex, certainly knew we had a racial problem."

Mr. Carter became President four years ago because minorities, particularly blacks, voted in unprecedented numbers for him. Their disaffection this year is no secret, but their *potential* voting power is still intact. It was, therefore, perhaps significant that the Rev. Jesse Jackson, the black entrepreneurial clergyman from Chicago, immediately seized on this exchange and said that Mr. Reagan's apparent insensitivity would not go unnoticed in the black community. If he is right, then Mr. Carter's supposedly vulnerable Southern base may now be more secure, while his hopes may have gone up in those big states with substantial minority populations which will swing the balance next Tuesday.

Mr. Reagan may also have been a little careless in his arguments that something is wrong, on an actuarial basis, with the financial viability of the social security system. Not that his analysis is wrong. But his approach implies that he would make changes, and thereby creates uncertainty in the minds of what is, after all, the fastest growing segment of the population, the senior citizens. Again, Mr. Carter was quick to emphasise his commitment to the social security system in its present form and to contrast his opponent's past antipathy to social programmes, like Medicare and unemployment insurance, with his and the Democratic Party's advocacy of them.

By the same token, Mr. Carter was not about to let drop Mr. Reagan's controversial opposition to the Equal Rights Amendment for women and the Republican Party's renunciation of 40 years of support for the ERA. The President appears to have a hidden electoral weapon in the female vote, which is also concerned that Mr. Reagan may be the candidate more likely to lead the country into war. In the debate, however, Mr. Reagan got in one of his better counter-attacks by tartly observing that in the Carter administration's term no state had ratified the ERA.

Where Mr. Carter was probably less successful was in attempting to portray Mr. Reagan as some sort of mad bomber. Indeed, Mr. Reagan's main objective in the debate was to set this perception, an effective tactic in the President's campaign to date, to rest. Mr. Carter tried hard enough, repeatedly using the word "dangerous" to describe Mr. Reagan's rejection of the Strategic Arms Limitation agreement with the Soviet Union and his suggestion that an arms race might be used as "a trump card" in dealings with Moscow. "This attitude,"

Mr. Carter affected a posture of some disdain

Mr. Carter charged, "is extremely dangerous and belligerent in its tone, although said in a quiet voice."

But Mr. Reagan used his "quiet voice" and patented geniality effectively to deflect the Carter onslaught. He also had his facts and figures on defence well marshalled and even elicited from Mr. Carter the admission that "some slight technicalities" in the present Salt 2 Treaty might be renegotiated.

Moreover, Mr. Reagan insisted that he was not against arms control as such, but simply fed up that the Soviet Union had "out-negotiated" the U.S. over the years and had been able to engage in "the biggest military build-up in the history of man." This, he suggested, was an increasingly bipartisan assessment and he bluntly accused Mr. Carter of conniving at the serious erosion of American military capability.

His arguments had been heard before. But it was important for Mr. Reagan to convey before the biggest audience that even he has ever addressed that he is, at heart, a sane and reasonable man, informed on issues, unlikely to panic under pressure. He needed to flesh out his glib epigrams with facts and logic and to show that he could hold his own with a man of the acknowledged intelligence and quickness of President Carter. In that aim, over the full 90 minutes of the debate, he did not fare too badly. As the challenger, that was a reasonable achievement.

But neither did Mr. Carter throw away the advantages of incumbency by coming over as too shrill or too nervous. Visually and aurally, and with his actor's background, Mr. Reagan has the edge over the President: he even sought to add to this advantage by spontaneously walking over to Mr. Carter before the debate began and offering his hand (Mr. Carter's staff had insisted beforehand that there should be no handshake).

Mr. Carter did not appear unnerved. He affected a posture of some disdain towards his opponent: he smiled, according to one count, only half as often as Mr. Reagan. He attempted only one joke, while Mr. Reagan essayed several. The President may have vitiated one of his major points: his support for nuclear non-proliferation, by egregiously remarking that it was his teenage daughter, Amy, who had told him that this was the subject most on her mind. But that was no more unctuous than Mr. Reagan's assertion that never before had a man who had six times been elected head of a trades union run for the Presidency.

It goes without saying that the audience, the voting public, is not enamoured with either Mr. Reagan or Mr. Carter and is drifting away from the independent candidate, Mr. John Anderson. Rarely has the "undecided" vote been so large so close to the election. What the nation got on Tuesday night was a pretty-fair indication of the differences between the candidates. What it did not learn was anything it had not heard before.

If Mr. Carter gained on the swings of tactical, practical politics, Mr. Reagan rode the roundabout of imagery better. While Mr. Carter repaired fences, Mr. Reagan tried to build new ones. If Mr. Carter successfully argued the virtues of experience in government, Mr. Reagan got over his message that government was the root of most evils.

Even if one's own suspicion is that the balance of these factors favoured Mr. Carter, one would not recommend an urgent rush to the bookmaker.

MEN AND MATTERS

Playing the shell game

"If Mr. Ross thinks Chambers and Fargus is a shell," said Daniel Tunnicliffe, "he will probably be disillusioned."

Chairman of this modest Yorkshire oilseeds company, Tunnicliffe was telling me about the recent interest shown by Harvey Ross of Harvey Michael Investments.

Busying himself of late picking up substantial blocks of shares among the minnows of the Stock Exchange list, Ross yesterday extended his holding in C and F to almost 12 per cent. Earlier this week he bolstered his interest in H. Colman group to 7 per cent.

Going straight from school into stamps and coins, Ross, now 31, rifles daily through his mixed bag of dealings in gold, coins, property, shares and commodities. Claiming he has been shopping for a small public company for two years, he confides: "There are several shels in the offing."

Always meticulous about informing his targets — and anyone else who will listen — about his doings, Ross was recently visited by a Chambers and Fargus director. The caller, as far as I can gather, was greeted with little more than a polite, enigmatic smile. "I think he's backing the company as either a short or long-term investment," said Tunnicliffe, unhelpfully.

Should Ross be interested in doing more than nipping in and then nipping out again — he was in and out of Stroud Riley Drummond in the last year after garnering a 19 per cent stake — he seems likely to run into some opposition from the brothers George and John Knrkjian. They hold around 30 per cent plus £500,00 worth of convertible loan stock.

And if he cares to continue with his inroads into Goldman which wholesales clocks and makes losses, he might also have to contend with that other interested party, Ian Wasserman, late of Slater Walker, who is half a length ahead of him with a 12 per cent piece of the action.

Overdone

Buxted's managing director, Robin Pooley, who found himself in hot water with the broiler brotherhood over his confession that chickens had "lost flavour," turned up unrepentant at the Savoy yesterday with a gaggle of trumpeters to launch his vaunted Churkey.

Promising us a winged wonder the size of a chicken, built like a turkey, with the flavour of "an old-fashioned barnyard capon," Pooley presented the world with a small frozen turkey steeped in chicken broth.

The bird, says my spy, was "not bad." The brouhaha was "the best thing since Monty Python."

Standing room

As the creaking U.S. election bandwagon wobbles to a halt, I regret to report that severe disappointment awaits students of world affairs hoping for a respite from the tedious tub-thumpings which have resounded round the globe. Even as the echoes fade I hear dismaying sounds from the French presidential tumbril, which, heavily overloaded, is already en route for polling day six months hence.

The 30th contender for Giscard's job hopped aboard this week. Rolnd Fize, a private detective, was spotted waving the ticket of the Union of Commonsense Frenchmen, a group which was disbanded—out of commonsense—after the 1978 parliamentary elections.

He was preceded by Gaullist Mme Marie-France Garaud, once prominent in the Pompidou think-tank and until last year, a confidante of party leader Jacques Chirac. She squeezes in beside former prime minister Michel Debré, another Gaullist wearing an "independent" label, who is travelling in some discomfort with a fringe bidder who describes himself only as "against Debre and Giscard" and a hopeful who lists his qualifications as "Breton autonomist and unemployed."

Of the more obvious contenders only Communist Georges Marchais is settled for the trip. Chirac an dthe present incumbent have yet to declare, while socialist François Mitterand is keeping the world waiting to see if he will make his third bid for glory in the Elysée.

Meanwhile the fringe—lunatic and otherwise—can expect only a brief spell in the limelight. Since the last race between 12 runners, the Government has tightened the rules to prevent overcrowding. To get on to the ballot paper a candidate has to gather signatures from 500 elected representatives around the country—a condition likely to dampen the blithest of election hopes.

Cross words

Signs of nervous tension—and perhaps even some panic—were apparent in the Labour leadership stakes at the close of nominations last night.

Michael Meacher, a close supporter of the non-combatant Anthony Wedgwood Benn, spent most of yesterday denying a persistent rumour that his Oldham West constituency party was instructing him to vote for Denis Healey.

"Absolutely untrue and totally malicious," Meacher tells me, and his party secretary, Frank Hall confirms.

Meacher has volunteered to attend a meeting of the Oldham party tomorrow night for consultations on the leadership issue.

He favours postponing the election until the new electoral college is formed next year. He says, however: "I shall seek my party's views and consider them before doing anything. But there is no question of the party telling me how to vote."

In another Westminster corridor yesterday, Hemsworth's Labour MP adn former miner, Alec Woodall caused more sensation.

Joe Ashton, MP for Bassetlaw and a Foot supporter, who sprained his ankle in a fall at the weekend, was limping past when Woodall boomed solicitously in broad Yorkshire: "Is foot no better then?"

Bystanding MPs and reporters rapidly dispersed to find out what ailment was afflicting Labour's deputy leader.

Knights move

Should you have a spare castle, with moat, portcullis and lodging for about 2,000 warriors, Terry Goulden would love to hear fro myuo. "If I don't find one soon," he complains, "all our best knights will go to America."

The Arkley Knights of Watford are already packing swords and lances to go jousting in Florida full-time, he says. "Well, can you blame them? They've just put up this medieval castle there for tourist tournaments."

So far as Goulden is concerned, no U.S. cruise missiles can make good such a drain of England's traditional defences. "There are only three bands of knights in the country that you could list as professionals," he says. "Others are just amateurs."

Goulden, who supplies film companies with costumes, armour and weapons from his Art and Archery workshop in Hoddesdon, Hertfordshire, organises mediaeval tournaments for entertainment.

"But something has to be done now to mount them on a bigger, commercial scale if they are to survive the competition of the dollar," he says. "We've got to save our heritage, haven't we?"

If he could only buy or lease a castle as a sort of permanent stage, medieval tournaments could become a prospering tourist attraction, he claims.

Observer

ECONOMIC VIEWPOINT

What to do if unemployment reaches 3m

MR. WYNNE GODLEY asked a reasonable question in The Times of October 22.

"At what rate of unemployment would you support a drastic change in Government economic policy?"

I should say at the outset that I do not support any such miscellaneous ragbag as "Government economic policy," which includes support for European steel cartels and "buy British" campaigns in Whitehall.

My support is strictly limited to the medium-term financial strategy unveiled in March 1980 and too infrequently explained by Treasury Ministers. This provides for a series of declining monetary targets up to 1983-1984, with illustrated projections of government spending and revenues.

Control of the money supply and of public sector borrowing are not ends in themselves, but means to secure a growth of total national income and spending at gradually declining rates until they are broadly consistent with price stability.

The basic argument for this course is that by following it, the Government would be doing the maximum it could *through fiscal and monetary policies*, to provide the long term conditions for high and stable employment, as well as avoiding inflation. In anything but the very short term the objectives are complementary not competitive.

The essential point is that once wage and price decisions are made on the basis of single digit inflation, the targets cease to be restrictive, and provide for a flow of spending quite sufficient for normal growth to be sustained—although not necessarily in the traditional manufacturing sectors.

For the most fundamental argument for the medium-term financial strategy—and the reason why it is a financial strategy rather than one for output and employment—is that the post-war type of demand management has had its day. Attempts by governments to spend their way into target employment levels will prove not merely inflationary but self-defeating, as the large table shows.

More precisely, there is a "constant inflation rate of unemployment" or CIR (sometimes misleadingly known as the "natural rate") which cannot be reduced further by injecting more spending power into the economy—although of course it can by more fundamental reforms in the labour and other markets.

Most discussion of unemployment and economic policy is rendered useless by the failure to distinguish between the CIR itself and the still higher transitional unemployment due to supply shocks, policy mistakes or the temporary costs of reducing inflation.

No-one knows the size of the CIR. As an extremely wild guess, put down merely to help state the argument, I would put the CIR at 1½m to 2m, or just below the present rate.

At this point one should note that an over-run in public sector borrowing, due solely to the recession being worse than expected, would be quite consistent with the financial strategy and by no means a policy reversal.

What then are the unemployment levels at which I would urge a reversal of overall monetary, fiscal, exchange rate and trade policies? The problem is how to weigh alternative risks, when both the working of the economy and key orders of magnitude are uncertain.

If traditional demand management is still valid, the cost of not reversing policy is clearly the human and economic loss of foregone jobs and output. The risks in reversing policy and stimulating demand are more subtle and difficult to state. It depends on whether a given very high rae of unemployment, say, 3m, represents (a) an upward deviation from the CIR or (b) the fact that the CIR itself is not far from 3m.

HOW DEMAND INCREASES HAVE BEEN DISSIPATED IN INFLATION

	(1) Increase in *nominal demand* %	(2) Increase in *output* %	(3) Increase in *prices* %
1959-64	38	20	15
1964-69	36	13	19
1969-74	88	13	66
1974-79	120	10	103

(1) GDP at current factor cost (expenditure data); (2) GDP at constant factor cost (average estimate); (3) GDP deflator.

N.B. Coloumns (2) and (3) add up to less than column (1) because of compounding effects.

In case (a) the risks of intervention are those of fine tuning; not only those of technical mistiming but also of worsening inflationary expectations and thus prolonging the period of abnormally high unemployment.

In case (b) the risk is far worse: it is that of setting off an accelerating inflation without any more than fleeting gains to output and employment, and the very real chance of making these much worse through the destruction of money as a usable measuring rod.

If one takes the evidence against post-war demand management seriously, on either count, the above risks are very grave and one would be reluctant to reverse policy even at quite high rates of unemployment—not out *of* inhumanity but out of fear of making things still worse through misguided attempts at improvement.

But of course, as unemployment mounts to higher and higher levels the existing state of affairs becomes so bad that there is less and less to lose from taking a gamble and applying a stimulus.

The trigger point has in my view already been passed for a shift to an anti-savings campaign campaign (see last Monday's Lombard). My next trigger point would be not unemployment but on the trade weighted exchange rate (now 79). Should that reach 80, I would definitely advocate temporary deterrents to inward capital movements on German and Swiss lines, notwithstanding the Bank of England's opposition.

These two changes are compatible with the basic financial strategy. I would be prepared to modify the latter should seasonally adjusted adult unemployment approach 3m and if there are no reasonable *grounds—for* instance in the vacancy figures—for expecting a change of trend. If that happens I would support a discretionary fiscal stimulus preferably through a "regulator" cut in indirect taxes. But I would maintain the monetary guidelines in an attempt to preserve some credibility for the financial strategy.

Should unemployment reach 3¼m and be pointing higher, I would supplement the fiscal stimulus with whatever monetary relaxation seemed required to support it. If unemployment reached 4m, I would let Mr. Godley try import controls in the belief that he could hardly make matters worse.

On second thoughts what I would really do if the 4m figure were sighted would be to either bring in a really and not just allegedly doctrinaire free market Government, determined to bash all sources of monopoly power in unions, professions, the public sector and elsewhere. Or—much more likely—bring in Mr. Peter Jay to install a regime of workers' co-ops, hoping to restore a flexible labour market by that route.

Where do I actually expect unemployment to go? Seasonally adjusted adult unemployment is now 1.9m. My own worthless guess is that it will reach a peak of 2.8 in early 1982, before falling, first gradually and then more quickly. I would expect to see evidence of a vacancy turnround by the middle of 1981.

As of now, there is not anything like sufficient evidence either for throwing in the towel in favour of yet another return to discredited kinds of stimulus.

After all, the OECD, which is not normally labelled as a monetarist body, has given an explanation of why the recession has been so much worse in the UK than elsewhere. This is that in other countries organised workers did not attempt to recoup the effects of higher world oil prices on living standards by pushing up wages, but did so in the UK.

British wage behaviour may moreover be accounted for, not just by original sin, nor even union monopoly, but by a whole series of errors by the last and present Governments.

If this diagnosis is anything remotely like correct, there is a very good chance that adherence to the medium-term monetary plan will, after an extremely nasty interval, reduce inflation to single-digit levels and also bring down unemployment, to the 1½m to 2m range; and do so more durably than any panic policy reversal. From there it could be gradually reduced further by structural reforms, not requiring a revolution, peaceful or otherwise.

These assumptions may be wrong. But they provide a lower risk course than another dose of old-fashioned demand management, exchange rate tinkering and incomes policy, *undertaken in the face of all the evidence of their increasing ineffectiveness and perversity.*

Samuel Brittan

SCROLL OF HONOUR

The Scroll of Dishonour which I have been running in this column for the last couple of weeks has attracted a great deal of comment. This week, however, the scroll is one of honour. The one name on it is Mr. Paul Volcker, the chairman of the U.S. Federal Reserve system.

With both Presidential candidates vying with each other, and with Congressmen in promising tax cuts without any real spending cuts (other than Governor Reagan's "war on waste"), the main responsibility for combating inflation lies more than ever with the Fed. Mr. Volcker became chairman in the summer of 1979, and on October 6 of that year announced a new policy, putting more emphasis on controlling bank reserves and less on controlling interest rates.

The Fed's success in meeting its monetary targets has not had the recognition it deserves. One reason is the excessive pre-occupation of *U.S. opinion with the* extremely short-term; in which 13 weeks is regarded as the sum total of human history: and comment has concentrated on episodes such as the very low monetary growth in spring and the excessive growth in summer.

The main targets of the Fed run in fact for the year up to the fourth quarter of 1980. The period is not yet over, but the Fed has not used the institutional changes in U.S. banking as an excuse for breaking its targets. On the contrary it has switched its "narrow" target from M1A, which is basically currency plus demand deposits (current accounts English English) to M1B, which includes the other chequeing accounts which have mushroomed recently.

In the year to mid-October, M1B increased by just under 7 per cent, compared with the target range of 4 to 6½ per cent. The broader aggregate M2, corresponding roughly with the British Sterling M3, increased by a decimal point above the 6 to 9 per cent target range in the year up to this September.

Not only is there time to get back within target by the end of 1980: but the Fed Open Market Committee decided on September 16 to tighten its short-term targets to make sure of doing so. The decision was taken by eight votes to four, with governor Wallich wanting to err on the side of greater caution still.
still.

Far more is involved than number crunching. Mr. Volcker told me as early as last spring that the real testing time for monetary policy would come after the recession low when the Fed would be accused by its critics of aborting recovery. He has received only one routine rebuke from President Carter, although the latter has been fighting for his political life.

To bring U.S. inflation down from its present 13 per cent the targets will need to be observed and adjusted downwards for several years. Mr. Volcker could usefully take a leaf from the British in publishing a programme stretching several years ahead. But at least the Americans have a central bank which believes in meeting its targets.

U.S. MONETARY PERFORMANCE

Indicator	Target 4th qtr. 1979 4th qtr. 1980 %	*Result, year to Oct. 15, 1980* %
M1A	3½ to 6	5.1
M1B	4 to 6½	6.8
M2	6 to 9	9.1*
M3	6½ to 9½	8.9*

* *Year to September 1980*

Letters to the Editor

The exchange rate

From Mr. W. Houlihan

Sir,—As it is the rate of oil production from the UK North Sea oil sector, rather than the level of exploitable reserves, which is at least as important as interest rates in determining sterling's exchange value, then an adjustment of that rate would serve as an alternative to a rapid and damaging reduction in interest rates. Indeed, until the rate of production is seen to have peaked, the positive effect on the current account is likely to lead to an expansion of the non-oil deficit through the medium of "over-valued sterling."

Would it not be appropriate for the Government to announce a depletion policy designed not only to stretch the benefits of North Sea oil into the next century, but also to stretch the period of unavoidable adjustment to the manufacturing base, again through a consequent lowering of the exchange rate?

Within the next few weeks the *Government* may be forced to reduce interest rates, against its better judgment. If the effect of such action does no more than provide a short term hesitation in sterling's climb, but damages the control of the money supply, then there is this alternative weapon of controlled depletion available.

W. J. Houlihan.
20, Richmond Court,
Queens Road,
Kingston, Surrey.

Was Godalming first?

From Mr. J. Harris

Sir,—In the course of writing an article on the history of the electrical supply industry, I naturally became interested in determining the precise date when electrical power was first supplied to the general *public* from a central generating station.

There is no argument that the commissioning of purpose-built generating units began in Paris with the lighting of the Gare du Nord in *1875* to be followed by the illumination of the Grands Magasins du Louvre in 1877. England was somewhat slower off the mark although the period 1878-1879 saw the installation of lights in many public and commercial buildings including the Gaiety Theatre and the printing office of "The Times" (which was evidently not slow to embrace modern technology in those far off days). In addition to this, street lighting was installed, at least on an experimental basis, along the Thames Embankment, at Holborn Viaduct and in front of the Mansion House. Perhaps most remarkable of all, 30,000 spectators enjoyed a flood-lit football match at Bramall Lane ground in Sheffield in October 1878.

These examples of electricity being supplied for specific purposes however, cannot be regarded as the true beginning of the electrical power supply industry *for no* provision was made for private customers. In any case, during this period (i.e., before 1880) only arc lights were available and while these were suitable for illuminating open spaces or large buildings their use could hardly be of interest to the general public with their individual and more modest requirements. The needs of the public could only be satisfied when it became feasible "to subdivide the electric light" into smaller parcels. This very soon became possible with the invention by Edison and Swan of the carbon filament incandescent lamp.

The growth of the supply industry during the subsequent decade in fact followed closely the increase in availability of incandescent lamps. These were installed along Holborn Viaduct (where the authorities had reverted to gas lighting in the interregnum) and lighting commenced on January 12, 1882. At the same time power was also made available to the general public and hence the Holborn generating unit can truly be said to be the first central steam-driven power station in the world. In February and September of the same year Holborn's example was followed by the commissioning of central station at Brighton and at Pearl Street in New York respectively.

Even when Holborn's claim to be the first central steam-driven station is accepted, it still leaves unresolved the question of whether or not it was the first unit of any type to provide power for the general public. The difficulty arises because during the previous year, 1881, a small central station was certainly in operation in Godalming in Surrey. Power was derived from the flowing waters of the River Wey (i.e. it was a hydro-station) and electricity was provided to light the streets of the town. At the same time, it is believed, supply was also offered to the general public. This offer could not have been taken up enthusiastically for the station closed down in 1884 and the town reverted to gas lighting. It is however, of more than passing interest to know if a single private inhabitant of Godalming took advantage of the opportunity of having an individual supply of power. It would be nice to know if the supply industry should celebrate its centenary anniversary next year or the year after!

All this may seem a rather precious interest of concern only to a few obscure electrical engineers. This is not so, for a great industry deserves to know its own birthday.

To those men of affairs who think themselves too important to concern themselves with such trivial questions of technology, I can do no better than quote a pioneer of our industry, Professor John Ambrose Fleming, when commenting on the 1882 Electric Lighting Act, he wrote: "Politicians are apt to think that their labours are essential to the prosperity of the community. They are in truth not nearly so valuable as the work of the electrical engineer."

J. E. Harris.
Church Farm House,
28, Hopton Road,
Upper Cam,
Dursley, Glos.

The rating system

From the Chairman,
Cheshire Association of
Ratepayers' Action Groups

Sir,—I *have read with* interest the somewhat protracted discussion on the rating system in your earlier issues. On seeing John Willman's letter (Oct. 22) I was prompted to join in as I believe he misses the main issue. Obviously rates are a *tax* levied to provide funding for local government. They are unfair not "because the amount paid bears no relation to the services enjoyed" but because many people in employment do not in fact pay rates. This can lead to a situation where a widow is paying exactly the same amount in rates as a household with several wage/salary earners. In making this comment I do appreciate that all taxpayers are contributing to the (average) 61 per cent Government grants given to local authorities. In the case of many of the taxes discussed by Mr. Willman, i.e. on smoking, gambling, drinking, car-owning, etc., the head of a family at least has a choice, albeit possibly difficult, to opt out. In the case of one's house, I suggest there is the obvious difficulty in opting out. An additional iniquity of domestic rates is that they are a fixed tax paid from net income and I suggest that all other forms of fixed tax, i.e. Class 4 National Insurance contributions, industrial rates at least are paid out of gross earnings.

Having criticised the current system, I suggest that domestic rates should be replaced by revenue raised from existing tax bases, i.e. income tax or VAT or a combination of the two. This system of course means that the money would be collected by central Government and redistributed to local authorities by a formula which takes into account resources and needs along the lines of the present system.

Doubtless Mr. Willman and others will immediately cry "loss of local democracy"; I suggest that local democracy is largely *mythical.* There is no reason why local government should not play a part in whatever economic strategy central Government dictates — one remembers Ted Heath's 7 per cent average wage settlement, while rate increases of 75 per cent were not uncommon. Furthermore, on education and legal matters, history shows that local authorities have little freedom of action and local government employees' wage and salary increases and manning levels are negotiated nationally—so what is left?

The real role of local government under the proposed scheme would be for it to decide priorities and spend the *money* allocated effectively, the performance being judged accordingly. In this context it is interesting to read the Layfield report where, in its proposals on local income tax, it proposed switching some finance between areas. The present Government has conceded that the current system is iniquitous, initially promised reform but are now pussyfooting and doing nothing about it.

One simple action they could take in the short term is to allow domestic rates to be paid out of gross income. This at least would remove some of the iniquity.

A. H. Jubb.
3b Riddings Lane,
Hartford, Northwich, Cheshire.

Local authority funding

From Mr. A. Shearlock

Sir,—There is much quiet fun to be had reading your correspondents' recent letters about the rating system, and trying by the end of them to have guessed *which vested interest they* represent.

If the present method of raising taxes for county and district spending is discriminatory and unfair, then any cosmetic tinkering with the system will preserve this unfairness. The arguments handled about between the proponents of site value rating, notional rentals, consumption of land et al are all spurious in these twilight years of the 20th century, because none of them gets to the core of local government spending which is essentially consumer orientated, and of which all of us partake.

There exists already a tax on consumption, easily and cheaply gathered. By how many percentage points would VAT need to be increased to bring in the same revenue at present raised by rates?

A. F. Shearlock.
Rooks' Hill, Gaunt's Common,
Wimborne, Dorset.

Help for small businesses

From the Director,
Banking Information Service.

Sir,—A myth seems to have developed in the past two weeks that the clearing banks are opposed to new ways of giving help to small businesses. This found reflection in John Elliott's report (October 20), of the Co-operative Bank's support for a possible loan guarantee scheme.

In their evidence to the Wilson Committee the banks stated that suggestions for loan guarantee schemes merited serious consideration, although they felt that potential drawbacks would be considerable. Despite their reservations they have remained willing to take up discussions with the Government and to consider sympathetically any serious proposals that are put forward. They have indeed put in a lot of *thought* themselves, and *introduced* new financial and advisory services for small firms.

A discerning journalist commented to me last week that the need was not so much for a loan *gaurantee scheme for small* businesses as for a capital guarantee scheme. This observation may perhaps focus the true demand more clearly.

John Hunsworth,
10 Lombard Street, EC3.

Undisputed ownership

From M. C. Price

Sir,—In your editorial rightly welcoming Greece's return to the military wing of NATO (October 24), you mention the Greek islands in the Aegean and remark: "A Turk looking westward must feel as an Englishmen might feel if the Isle of Wight were occupied by a traditional enemy—except that there is not merely one island involved."

The analogy is neither apt, nor free of dangerous implications, whether intended or not. For the Greeks are hardly alien newcomers of recent years to these islands. Nor is their ownership in dispute. It could not conceivably be.

They have, of course, been inhabited by Greek-speakers since more than two millennia before the first Turks arrived in Anatolia. Homer (Chios) and Sappho (Mytilene) are merely two of the best known in an unbroken history.

Christopher Price,
Oddfellows Hall,
Litcham, King's Lynn,
Norfolk.

Today's Events

GENERAL

UK: Mass meetings at all 32 BL car plants to vote on pay recommendations.

Confederation of Shipbuilders consider pay offer to engineers.

Prince of Wales attends a Last Night of the Proms concert in aid of the Mountbatten Memorial Trust, Philharmonic Hall, Liverpool.

Overseas: Special meeting of EEC Council of Ministers in Luxembourg to discuss system of *compulsory* curbs on steel production.

Jamaican General Election.

Two-day Financial Times conference "Australia—Attractions for Future Investment" opens in Melbourne—Keynote address by Mr. Malcolm Fraser, Prime Minister of Australia.

Lord Carrington continues visit to Poland.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Procedure. Second reading of Overseas Development and Co-operation Bill (Lords) and Proceedings on the Limitation Bill (Lords). Proceedings in the Statute Law Revision (Northern Ireland) Bill (Lords).

House of Lords: Local Government, Planning and Land (No. 2) Bill, report stage.

Select Committees: Transport. Subject: Channel link. Witnesses: British Railways Board. 10.45 pm (Room 17). Home Affairs. Race Relations and Immigration sub-committee. Subject: Racial disadvantage. Witnesses: Committee of London Clearing Banks; Banking Insurance and Finance Union. 4.30 pm (Room 15).

OFFICIAL STATISTICS

Energy Trends publication.

COMPANY MEETINGS

Sidney C. Banks, Garden House Hotel, Cambridge, 12. Burns-Anderson, Midland Hotel, Manchester, 12. Gold and Base Metal Mines, 25, City Road, EC, 12. Guinness Peat, 77, London Wall EC 11.45. Jamaica Sugar Estates, 7, West George Street, Glasgow, 12. Kwahu, 25, City Road, EC, 2.30. Maynards, Vale Road, N, 11. Palmerston Investment Trust, 77, London Wall, EC, 12. Park Place Investments, 136, Bramley Road, W, 12. J. Saville Gordon, Midland Hotel, Birmingham, 12. Sirdar, Alverthorpe, Wakefield 12. Telefusion, Connaught Rooms, Great Queen Street, WC, 12.30.

Arthur Bell improves to £16.84m and expects good first half result

PROFITS before tax of Arthur Bell and Sons rose slightly from £16.83m to £16.84m in the year ended June 30, 1980 on turoover of £202.82m against £201.8m. The total dividend is lifted from 5.28785p to 6.08p with a final of 3.96p.

Looking at the first half of the current year, the directors are expecting pre-tax profits in excess of the £9.19m achieved in the first six months of 1979-80.

Profit increases from Scotch Whisky and transport are expected to cancel out a loss in Canning Town Glass, the Board adds.

Pre-tax profits from the production and sale of Scotch Whisky for the 12 months were £15.44m against £15.42m but have missed the forecast made at the time of the interim results.

The directors said at that stage that profits for the second half would not be less than the £7.61m achieved in the same period of 1978-79. In the event second half profits amounted to £7.14m.

Factors affecting the year's result were the increased cost of financing the duty element of home sales debtors amounting to £550,000 and the £157,000 set aside to purchase shares under the recently introduced employee sbare scheme.

Industry clearance figures for the year to June 30, 1980, reflected the alow start to the year by showing e 19 per cent reduction in bome sales volume. During this period Bell'a sales were down by 8 per cent thus the brand fnrther increased its market sbare which now stands at 24 per cent and The Real Mackenzie alao obtained a bigher ahare of the market.

Home sales turnover at £159.32m was £6.37m lower than the previous year.

Export sales turnover at £22.85m, was £4.53m ahead of the previous 12 months' figure. Shipments to Argentina, Australia, France and South Africa were all well ahead of the previous year, bowever, the overall increase arose from the continuation of the steady sales progress in many overseas markets.

The group continues to invest a substantial sum of money in the development of sales to the U.S. This is the largest export market for scotch whisky taking 22m cases last year and is an area of great sales potential, the directors say.

Alterations to increase the capacity at Dufftown-Glenlivet distillery were completed early in 1980 and helped to raise the total output from the four Highland malt distilleries from 4.6m proof gallons to 5.2m proof gallons and the distilleries are still producing to capacity.

Since the end of the financial year, home sales have been ahead of last year's figure and export sales also show a marginal increase.

Profit before tax from Canning Town Glass at £1.35m was as expected, lower than the previous year. Demand for glass containers in the six months to June 30, 1980, rednced substantially with a conseqnent reduction in both sales and profit.

Tbe demand for glass containers has deteriorated further in the curreot year and steps have heen taken to halt the build-up of stocks of finisbed glassware by reducing the output at both factories to a level more closely related to current demand.

Towmaster Transport Company made the anticipated recovery with a profit of £45,000 in the year compared with a loss of £43,000. Sales turnover increased from £2.5m to £3.7m and the company has recently brought into operation a new depot at Irlam, Lancashire.

Towmaster is maintaining a high level of activity and it is expected that the present profit growth will continne, the directors state.

	Year 1979-80 £000	1978-79 £000
*Turnover:		
Scotch whisky	182,171	184,007
Glass container	23,778	20,200
Transport	3,677	2,522
Intra group trading	6,808	4,925
Total turnover	202,818	201,804
Trading profit	22,001	20,904
Oapreciation	1,728	1,616
Investment income	10	7
Loans interest	3,449	2,476
Profit before tax	16,836	16,815
Scotch whisky	15,444	15,417
Glass container	1,351	1,451
Transport	45	†43
Intra group trading	4	S
Tax	2,481	4,601
Nat profit	14,355	12,218
Earnings per share	30.85p	26.25p

* Excluding inter-company sales.
† Loss.

INDEX TO COMPANY HIGHLIGHTS

Fidelity Radio £0.97m deficit

ON TURNOVER, down from £10.8m to £6.15m, Fidelity Radio has suffered losses of £973,000 for the six months ended September 30, 1980, compared with a pre-tax profit of £788,000 last time.

The interim dividend has been omitted, and the directors say consideration of any payment must be left until full-year results are available—a total of 5.661p was paid last year.

A downturn in consumed demand, which became more pronounced in the latter part of 1979, left second-half profits at £39,000, making the year-end result £827,000, against £1.72m.

Mr. Jack Dickman, chairman, says that although the second half usually prodnces the major proportion of profits, the group is still committed to prices for the season which do not ahow e satisfactory return. And because of high interest rates and strong sterling, he says that second-half results for 1980, although an improvement on the first six months, "will still show a loss."

The company experienced its most difficult conditions ever, during the six months, and the decline in demand for consumer goods in 1979, overlapping into the current year—redundancies were declared last March and there was a reduction in the working week to three days.

However, the situation has improved considerably, the cbairman explains. The company is back to a five-day week, and demand has picked up so that the factory is working overtime, and many of the former employees, made redundant, bave been taken back.

"I am more confident now than I was a few months ago," Mr. Dickman states. Demand for products is increasing and, be says, that once the group's price commitments bave come to an end, an advance in margin will follow.

● comment

If the depressed shares in Fidelty Radio were roughly double their current 41p level they might approacb the company's net asset value per sbare. But yesterday's news of a £1.8m slump into the red combined with the chairman's prediction of further second balf losses will keep the price well below its 86p high. Fidelity bas been hit by a host of difficulties which include the costly financing of between £5m and £6m of stocks during the first balf, competition from cheap imports, the impact of the strong pound, a 38 per cent decline in UK *sales volume* and brutal *margin* cuts. The business limped along on a three-day work week from March through to August and made aronnd 50 employees redundant by the end of the first half. Exports declined from £1.6m to £1m in the period. The group bopes to reconp its fortunes next year with new product lines such as its low-priced black and white television sets, but the current year outlook is bleak and the loss may bead towards £1.5m, depending on the Christmas trade. After dedncting the half-year loss Fidelity is left with a net worth of £5.7m, e figure which does not include e recent property revalnetion.

Kean & Scott midway loss increases—£0.8m rights

Kean and Scott, the Midlands furniture retailer, yesterday announced an interim pre-tax loss of £98,890, and an eight-for-one rights issue. In the year to March 31, 1980, there was a pre-tax loss of £62,000, of which £37,532 was incurred in the first half. The company has passed a dividend, as it has done every year since 1968.

The rights issue is planned to raise £810,000 by the issue of 3.36m ordinary shares of 25p each at par. They will, subject to shareholder approval, be offered to shareholders registered on November 7, with dealings to begin in nil-paid form on Novembar 24.

The issue is not underwritten. But Hawley Leisure, which owns 29.76 per cent of Kean will take up in full its entitlement of 1m new shares.

LJA Management Services, a company controlled by Hawley chairman Mr. Michael Ashcroft, has agreed to subscribe or procure subscribers for up to 800,000 new shares if a net price in excess of 25p per share cannot be obtained in respect of rights not taken up by shareholders. A document will be sent to shareholders shortly.

● comment

With shareholders' funds of £14,000 and continuing trading losses at the last March year-end, prospects for Kean and Scott looked rather limited. The arrival on tht scene of Hawley Leisure and its chairman Mr. Michael Ashcroft have transformed sentiment, if not yet the halance sheet, and yesterday's 35p bound to 150p puts the shares up to seven times the price at which they were sold by outgoing chairman Mr. Mostyn Levein last month to Hawley. The rights issue will put the company back on its financial feet, and if not widely taken up by outside shareholders may put the majority of the Kean equity into Hawley bands. Shareholders are paying, most obviously, for a stakt in Mr. Ashcroft's impressive trading record. Between 1978 and 1979, Hawley's turnover increased from £1.065m to £11.3m, and profits from £22,008 to £520,667. Hawley is attracted by the prospect of selling its Sharp furniture through Kean outlets. Whether that, with the Hawley managemtnt touch, will be sufficient to put Kean back into profits remains to be seen. If it is, then Kean's £425,000 of carried-fnrward unrelieved tax losses wil make the earnings still healthier. Shareholders havt every reason to be grateful to Hawley for its impact on the value of their Kean boldings. Whether they should now take a profit or hang in for the ride is a matter on which few would hazard an oplnion ahead of the full document.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Arthur Bell	3.96	Dec. 8	3.52	6.08	5.29
G. Callender int.	0.7	—	0.61	—	1.65
Fidelity Radio int.	nil	—	1.66	—	5.66
Geers Gross int.	1.5	Dec. 19	1.5	—	3
Gomme Hldgs.	nil	—	3.17	0.89	4.06
P. C. Henderson int.	2.25	—	2.25	—	8
Lornex Mining	3¶	Nov. 28	1.80	4	2
Mallinson-Denny int.	1.5†	Jan. 7	1.5	—	3.75
M.Y. Dart	1.9	Dec. 18	1.8	2.9	2.8
1928 Inv. int.	2	Dec. 19	1.5	‡	4.45§
Nth. British Properties	1.8†	—	1.5	2.8†	2.5
Richardsons, West'th int.	1.05	Jan. 8	1.05	—	3.5
Utd. Friendly Ins. int.	4	Dec. 3	3	—	10
Utd. Real Property	4.75	Nov. 27	4.75	6	6
Westpool Inv. Spec. int.	0.64	Dec. 18	—	—	—

Dividends shown pance per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of not less than 4.35p forecast. § Inclndes non-recurring apecial of 0.6p. ¶ Canadian dollars throughout.

Richardsons, Westgarth maintains interim

FROM turnover of £25.38m against £21.52m, profits before tax of Richardsons Westgarth and Co., engineer and stockholder, amounted to £412,000 in the first half of 1980, slightly belter than the £410,000 in the same period last year.

However, the economic climate is having its effect on current trading but present indications are that second-balf profits sbould approach those now reported. For 1979, tbe group produced a pre-tax profit of £1.37m.

The interim dividend is being held at 1.05p but due to tax credits in 1979, stated earnings per share show a substantial decrease from 6.9p to 1.4p.

Several subsidiaries achieved improved results compared with the first balf of last year, but others were adversely affected by the steel strike in the first quarter of the year and the general economic downturn.

The latter factor was particnlarly felt by the stockholding and merchanting companies where total profit was some 17 per cent lower.

Although engineering manufacture showed improvement, including the elimination of losses at RW Transmissions, the outturn of engineering services was significantly down on the correspooding half-year despite further progress in reducing losses at the Humber Graviog Dock and Engineering Company.

Negotiations are well advanced between Haigh and Ringrose and Reunert and Lenz of South Africa for the formation of a joint company to take over the existing contracting activities of tbe two companies in that country.

● comment

It now looks as though Richardsons, Westgarth's recovery has peaked for the foreseeable future et 1979 profit levels. Interim profits, damaged materially by the 17 per cent steel strike-induced shortfall in the dominant stockholding division, are broadly unchanged and second balf profitability is not expected to do much better than approach that of the first. RW Transmissions bas produced a token profit after last year's loss of around £100,000 and should make further progress while the deficit of Humber Graving Dock is again reduced. Tbe ship repair operation arguably bolds the key to the group's fortunes. The Dock ties up a bigh proportion of total capital and employs between a fifth and a quarter of the total workforce. RW is still working to improve efficiency but any bope of a return to the significant profits of the early part of the last decade also rests on more realistic prices, wbicb are proving very difficult to push through. The new venture in South Africa, stimulated by a major refinery instrumentation order from SASOL, bolds medium-term promise and other overseas ventures are in the pipeline. But the groups suffers a pronounced shortage of platform and refinery orders and a minimum prospective p/e of 13.2 at 38p, down 4p yesterday, may well prove vulnerable. The yield of 13.5 per cent offers no more than average support in these circumstances.

Luis Gordon £0.3m in the red

FIRST HALF results of Luis Gordon Group, e subsidiary of Pedro Domecq, sbow an attributable loss of £383,000 compared with losses of £110,000 in tha same period last year.

The loss is after interest charges up from £311,000 to £472,000.

Net sales were down from £3.36m to £3.15m after duty of £1.76m against £2.16m. Sales for the rest of the year should be in line with those echieved in the comparable 1979 period, the directors say.

Last year, turnover of the group totalled £10.14m and pre-tax profits were £475,000.

The directors say that prompted by continuing high interest rates, both the retail and wholesala trade have carried out massive de-stocking. In consequence, the comparison with the first half of 1979, when sales in the second quarter were hoosted by pre-Budget buying, is less favourable.

● comment

Luis Gordon, the importer of Domecq sherry, bas reported its usual first half loss. This year it is considerably greater than last—nearly 3½ times—but it is impossible to draw any conclusion from this about the outturn, sherry being the seasonal prodnct par *excellence*. The increased loss is explained by three factors: extremely flat demand for alcobol in the post-budget second quarter; very heavy de-stocking by the retailers; increased costs of financing stocks and excise duty. Volume was down by about 20 per cent. The company has had a good month in October, but the Christmas trade remains imponderable.

Utd. Real Property over £1.8m

PRE-TAX revenue of United Real Property Trust, property investment and development company, rose from £1.51m to £1.83m in tbe year to April 5, 1980. Gross rental and service income advanced from £2.44m to £2.45m.

After tax up from £733,227 to £981,935 net revenue was £843,728 (£777,655). The final dividend is unchanged at 4.75p for a same-again total of 6p.

The proportion of profit applicable to minorities was £8,117 compared with a loss of £1,043, and there were extraordinary debits of £18,804 (£41,394). Profits retained were up from £737,304 to £816,807.

With dividends again absorbing £720,000, the halance carried forward was £2.68m (£2.58m).

United Real Property Trust is a "cloae" company.

N. Atlantic revenue and dividend higher

After expenses, interest, and tax of £444,826 against £347,371, revenue of Nerth Atlantic Securities Corporation, investment trust, came out higher at £892,313 for the year ended September 30, 1980, compared with £665,096. Result included non-recurring income of £88,011, received as a result of dividand restraint removal.

The dividend is stepped up to 4.3p (3.75p) net with an unchanged final of 2.55p, and there is a non-recurring payment of 0.5p for the year—total dividends will absorb £838,932 (£655,172).

Net asset value per sbare is given as 159½p (132½p), and 151½p (127p) assuming full conversion of loan stock.

SPAIN

October 29	Price %	+ or −
Banco Bilbao	252	
Banco Central	281	−1.0
Banco Exterior	221	+2.0
Banco Hispano	241	
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	282	
Banco Urquijo	136	+4.0
Banco Vizcaya	261	
Banco Zaragoza	220	
Dragados	109	−1.0
Espanola Zinc	62	+1.0
Fecsa	64.0	
Gal. Preciados	32.0	
Hidrola	68.2	−0.8
Iberduero	65.0	−0.6
Petroleos	116	+1.0
Petroliber	85.0	−3.5
Sogefisa	102	
Telefonica	61.5	−0.5
Union Elect.	69	−0.7

UK COMPANY NEWS

Mallinson-Denny slips mid-year but maintains interim

PRE-TAX profits of Mallinson-Denny, the international timber merchant, manufacturer of wood-based products and general merchant, fell in the first half of 1980 from £4.87m to £3.05m. Turnover for the period remained static at £113.9m, compared with £113.6m.

The directors say that trading in the UK was at an encouraging level of volume throughout the first quarter of the year, although margins were somewhat below normal expectation.

In the April-June period, however, the fall in demand was sharp and competition for the limited business available caused a squeeze on margins, which was accentuated by continued high interest rates, the directors add.

These factors have continued unabated into the second half year and similar conditions prevail in other EEC countries.

In Australia the company achieved the best six-month figures ever while in the U.S. turnover and profits for the period were similar to last year.

In Thailand, however, the agricultural tractor market hit its lowest point in the present cycle and results were the worst *for many years.*

The directors warn there is as yet no sign of any trading recovery in the UK market and overseas results, although helped by continued successful trading in Australia, will overall be affected by the world economic climate with profit attributable to the group reduced by the current rate of exchange of the pound.

Receipts from the recent rights issue have contributed to a reduction in borrowings and financial costs, since August, and any fall in interest rates will have a positive effect on net profits, the directors state.

The interim dividend is being maintained at 1.5p net—last year a total of 3.75p was paid from taxable profits of £9.2m (£10.13m).

Tax for the six months was lower at £271,000 (£584,000) leaving stated earnings per 25p share of 5.2p, against 8.2p. SSAP has been applied and comparisons adjusted.

● comment

It is fairly obvious that shares in Mallinson-Denny will not regain Brooke Bond Liebig's 80½p dawn raid price on trading grounds alone this year. The 37 per cent interim downturn was less severe than the market had been braced for and the shortfall can be attributed solely to the rise in UK interest charges and £1m decline in Thailand. UK volume and profits have held up surprisingly well but that takes in the buoyant first quarter which will not be repeated in the foreseeable future. The U.S. contribution has also been unexpectedly good in the light of currency conversion influences. Australia is budgeted to boost annual trading profits by some £200,000 to about £1m and the rights issue proceeds will cut debt servicing costs by some £700,000. Yet, in the light of the sharp fall in demand from April onwards, the group will have to run *hard* indeed to match the rate of overall first half profitability and, even if its succeeds, the prospective fully taxed p/e of 17.1 coupled with an historic yield of 8 at 69p, up 1p yesterday, are heavily weighted by the overhanging 28.36 per cent stake. On the basis that Brooke Bond will *eventually go ahead, the upside* is still quite attractive since an offer would presumably be pitched with reference to net worth of around 95p per share but, in current conditions, the putative bidder could be forgiven for biding its time.

P.C. Henderson 15% higher

DESPITE its merchant customers adopting an unprecedentedly severe destocking policy, P. C. Henderson Group, manufacturer of sliding door gear, garage and industrial doors, reports a 15 per cent increase from £815,000 to £938,000 in pre-tax profits for the six months to August 30, 1980. External sales advanced from £12.98m to £14.49m.

Mr. Pat Gaynor, the chairman, says that destocking of garage doors and sliding door gear has now ended, but demand is still very depressed. Industrial door sales held up for rather longer, but here, too, current levels of business are reduced and as yet show no recovery.

On the brighter side, he says the escalation in the company's raw material costs has slowed dramatically, and it is actively pursuing ways of increasing savings in this area in order to preserve margins.

He says this is not an overnight exercise and he anticipates an adverse impact on second-half profits from prevailing market conditions.

Against this however, the directors expect to maintain last year's level of dividend distribution for the current year. The interim is unchanged at 2.25p—last year's total was 8p from pre-tax profits of £2.8m. First-half stated earnings per 25p share are 8.8p (8.1p).

Commenting on the first half, the chairman says that despite the problems caused by strong sterling, export sales and the trading performance of overseas companies have been less affected by the economic downturn than UK activities.

The contribution to group profits for overseas remains small relative to the capital employed, but this half year has seen further steady improvement.

Trading profit in the first half rose from £852,000 to £981,000. After tax up from £505,000 to £525,000 and minorities £1,000 (£60,000), profit attributable came out at £414,000 (£370,000). Dividends absorb £106,000 against £103,000, leaving profits retained higher at £308,000 compared with £267,000.

● comment

Henderson's profits could fall to around £2m this year despite the reasonable first-half showing. The third quarter is normally the most active time of the year—it produced close to 60 per cent of 1979-80's profit—but this time round the picture is a lot less encouraging. Trading started to turn sour last May when the merchants, who normally take around half of production, started a round of hefty destocking. This has been followed up by a fall in the offtake of industrial doors and volume overall is currently running some 10 to 15 per cent down on last year. Overseas operations meantime add plenty to sales but little to profits. In the half year Germany, Australia, Norway and Denmark were in the red though, like the UK, there is a seasonal bias which favours the second half. Nevertheless at 131p the fully taxed prospective p/e is still not much more than 6 while the dividend returns around 9 per cent. The rating is not looking vulnerable to any real extent.

Gomme falls: passes final

A FALL of £240,000 to £1.66m in pre-tax profits in reported by Gomme Holdings, manufacturer of G-Plan furniture, for the year to July 25, 1980 and the final dividend is omitted.

The chairman says the reduction in profits was caused by poor fourth-quarter trading and there was a dramatic decrease in demand for furniture. A loss of over £100,000 was made in that quarter and a further loss is estimated for the first quarter of the current year.

He says trading conditions in the industry have remained depressed, and are such that although G-Plan's market share increased by about *10 per cent* in the second half, the factories are working at short time.

Group turnover for the year advanced from £30.3m to £33.81m. The pre-tax figure was struck after interest charges up from £302,000 to £528,000.

After a tax credit of £221,000 (charge £463,000) stated earnings per 25p share are up from 10.89p to 14.34p. With the passing of the final dividend, the year's payment is the interim of 0.887p—last year's total was 4.057p net.

During the year the company spent £1.9m on capital expenditure and in the current year this is expected to be about £800,000. This largely represents the minimum amount needed to complete the programme already started.

This expenditure gives substantially increased capacity and improved efficiency.

The Board says bank borrowings have increased from £1.93m to £3.76m, and the level of future borrowings is estimated to be well within the facilities available, aided by reductions in raw material stocks and work in progress.

● comment

Because it is completing a major investment programme in the middle of a severe recession, Gomme's shareholders are sacrificing their final dividend. The company is committed to spending a further £800,000 in the current year to complete existing projects, has nearly doubled its borrowings in the last year, and would prefer not to increase its gearing beyond the present figure of about 30 per cent. The shares moved down 4p on the results to a low for the year of 32p, on which the historic yield is now 4 per cent. The group's factories have been at half-throttle for some time, and it is unfortunate that new capacity is coming on stream at the same. However, this should make possible more efficient operation when demand revives, and allow the group to dispense with bought-in components. But there is no sign yet of an upturn, though sales might be stimulated to a degree by the introduction of a new G-plan range next month.

ASDA warns of decline

ADDRESSING shareholders at the annual meeting of Associated Dairies Group, the chairman, Mr. A. N. Stockdale, warned that profits for the first half to October 31 would fall short of the £22m achieved in the corresponding period of 1980.

And for the current year as a whole he said: "If we do achieve yet another record year, it will be by a very slender margin." Much would depend on steps taken by the Government which would bring back confidence to the business community as a whole.

Mr. Stockdale told the meeting: "We have to be satisfied if we retain our share of the market—this we are doing—and we are ready to move to a higher gear however slowly the country moves out of recession." In the year ended April 30, 1980 the group pushed up its profit by £9m to nearly £50m, increased its dividend from the equivalent of 3.33p to 4.25p, and proposed a further scrip issue—on a 1-for-3 basis.

Another four superstores, three in the South and one in Glasgow, have all been launched on schedule. And yesterday morning the directors gave the go-ahead for two superstores in the area in the Port of London Authority, at Thurrock and The Isle of Dogs.

A micro-chip technology pilot scheme was introduced in the Rochdale superstore in August, involving the use of computerised checkouts linked to laser beam scanners designed to read coded symbols on some 27,000 lines of food and non-food.

The directors were starting to evaluate the benefits which would accrue from the system, particularly from the fact that for the first time they could produce information very quickly on the range of rate of sale of products.

1928 Inv. earns and pays more

After expenses, interest and tax amounting to £668,301 against £656,085, earnings of the Nineteen Twenty-Eight Investment Trust came out ahead from £690,316 to £851,870 for the half year ended September 30, 1980.

Earnings per 25p share are shown as 2.34p compared with 1.89p, and the interim dividend is increased to 2p (1.5p) net costing £729,000 (£546,750). The directors expect to pay a total of not less than 4.35p

Geers Gross climbs by 59% at halfway

NEW business gains late in 1979 have been reflected in the first half pre-tax profits of Geers Gross, advertising agent and consultant. There was a 59 per cent rise from £221,592 to £352,927 in pre-tax profits in the half year to June 30, 1980.

"If the current healthy picture continues, the directors feel that a full-year review of the company's dividend levels could be appropriate. All the indications are that it will."

Turnover rose by 29 per cent from £15.18m to £19.64m.

The first half saw a major expansion in the group's activities with the purchase of Martin Landey Arlow Advertising Inc. in New York. This will have only a minor effect on the 1980 figures, but the programme to integrate the two New York agencies has already been completed, six months ahead of schedule. Staff duplication has been rationalised, departments streamlined and the merged agency, renamed Geers Gross Advertising Inc., is now a single $70m unit

In London, the company suffered its first account loss for many years with Optrex opting for a smaller agency. New business growth has continued, however, with the addition of KP dry roast nuts, the major liquor retailer Peter Dominic and Westminster Wines, and the Link House journal, Exchange and Mart.

After tax of £185,000 (£118,451), stated earnings per 10p share are up from 1.9p to 2.36p. The interim dividend is unchanged at 1.5p on increased capital—last year's total was 3p from pre-tax profits of £827,000 (£411,000).

● comment

After stripping out a six-week contribution of around $80,000 from the Landey acquisition in New York, Geers Gross still comes out with a 45 per cent pre-tax rise. But unlike other UK advertising agencies, this one relies on its U.S. operations for 50 per cent of its profits. Despite its claim that recession has not hurt business, Geers did lose Optrex, worth £400,000. This, however, was more than made up for with increased budgeting from some large appliance and retail clients. In the States the major growth in billings came from Kraft Foods and Fuji Film in the first half. Exchange losses may total £100,000 in the current year, but there is still every reason to expect that the pre-tax figure will rise above £1m. The company has continued its immobile dividend policy, but a year-end total of 3.5p net could yield a prospective 8.3 per cent at yesterday's 62p, up 3p. The fully-taxed p/e could fall to just below 9.

UK COMPANY NEWS

Auditors query Crellon transactions

BY REG VAUGHAN

MR. HAROLD CHAFFE, chairman of Change Wares, the troubled shelving and wire-working and steel stockholding group, told shareholders yesterday that the difficulties of the company—which showed a loss of £1.12m in 1979—were not over.

Addressing the resumed annual meeting — adjourned from July 25—Mr. Chaffe said that trading continued to be extremely difficult and it would "he pointless to encourage you to believe that the company will earn a profit" this year.

The company—the scene of many boardroom changes over the past year including the departure of Mr. Geoffrey Rose former chairman, last January—had been hit by the general recession and by cutbacks by two of its largest customers Asda and International Stores.

But the chairman said that the company was now efficiently run, stocks were being reduced and there had been a big improvement in costing systems.

In their report in the delayed annual accounts the auditors—Frazer Whiting and Co.—state that the group accounts for 1979 have been prepared on a "going concern basis and on the understanding the group's bankers will continue to provide facilities at the present level."

At the packed meeting many of the questions concerned the group's dealings with Superlamp Metallic (a subsidiary of Crellon Holdings) which went into receivership in April, 1979. The transaction with this company—which concerned the purchase early in 1979 of certain items of electrical stock not normally marketed by the group—resulted in a loss of £192,501 being charged to the 1979 accounts.

The auditors have qualified the accounts in respect of this transaction. They state that they have been unable to verify this transaction due to the absence of full supporting documentation. They say that the amount charged to profit and loss represents the difference between the amounts paid for this stock (£352,000) less amounts realised to date and expected to be realised in the future.

Mr. Chaffe told the meeting that the items of stock bought from Superlamp had mostly now been sold and he was confident that sufficient provision had been made. He admitted that documentary procedures had been "sloppy" but had now been put right.

The accounts also reveal that in February 1979, a payment was made to Superlamp to cover the bulk purchase of electrical goods. The accounts state that goods to the value of £1,495 were received before the company went into receivership and the net amount of £41,005 has been provided in full in the 1979 accounts.

Responding to a question on this transaction, the chairman said that an opportunity was seen to make money for the group "but it turned out to be a bad decision."

The accounts also show that in December, 1978, the company invoiced Crellon £75,575 for the supply of group personnel during the previous nine months. The accounts state that subsequently "the invoice was disputed and has not been paid. Negotiations are continuing but it has been deemed prudent to provide for the debt in full."

Crellon—now renamed Mainline Electronic—was headed by Mr. Geoffrey Rose until his departure in February, 1979. Apart from him, Mr. B. A. Selzer, Mr. D. J. Sullivan, Mr. J. L. Kropf, and Mr. A. N. Heine were at various times of the year directors of Crellon. Only Mr. Selzer remains on the board of Change Wares, Mr. Sullivan resigning in August, 1980, and the other two directors going in February, 1980.

Mr. Chaffe said that no compensation had been paid to either Mr. Kropf, Mr. Sullivan or Mr. Rose. But the 1979 accounts show a compensation payment of £25,000 for loss of office paid to a former director and a further sum of £2,083 paid to a former director. Other directors who resigned from the Change Wares' Board during the year were: Mr. R. A. Crane, Mr. S. De Luca, Mr. J. H. Dale, Mr. E. C. Nevis, and Mr R. A. Opperman.

Asked about the substantial Boardroom changes the group had undergone Mr. Chaffe assured holders that the Board was now united and that he would still be there next year. "I have no intention of cutting and running," he said. Mr. Chaffe would not comment on Mr. Rose's running of the company.

Referring to the departure of stockbrokers Buckmaster and Moore in mid-December 1979 the chairman said that they left the company because of a dispute with the board over the company's future policy. The group's financial advisers, Energy Finance and General Trust also resigned from the company at the same time.

The report and accounts were adopted at the meeting.

At yesterday's price of 4½p the company is valued at £764,000.

M.Y.Dart slips to £1.23m but pays 0.1p more

DESPITE AN advance in sales from £18.16m to £20.85m in the year to June 28, 1980, M.Y. Dart, manufacturer of sports equipment, packaging materials and pyrotechnics, reports a fall in taxable profits for the period from £1.72m to £1.23m.

At the half-way stage when announcing pre-tax profits £55,000 lower at £755,000 the directors were confident that new products and improved production methods would ensure continuance of a satisfactory growth in performance.

They now say that the opening months of the year produced an encouraging start but, as they reported at the interim stage, the closing weeks of 1979 saw a serious downturn in trade generally as the world recession and stringent governmental financial measures took effect.

The adverse conditions in no way abated in the second six months and the period from April to June, 1980, was "as difficult and unprofitable a time as can be remembered," they add.

It is clear, the directors say, that the diverse activities of the group and its financial strength have helped it during a most difficult year.

The surplus for the 12 months was struck after interest charges much higher at £405,000 (£271,000) and depreciation which showed a rise from £515,000 to £630,000.

However, there was a tax credit for the year of £50,000 (£223,000 charge) leaving a net surplus of £1.28m, compared with £1.5m and earnings per 10p share of 7.8p (10.62p). On a fully diluted basis earnings show a drop from 9.74p to 7.31p.

Attributable profit was lower at £1.17m (£1.52m) after extraordinary debits of £98,000 (£31,000 credit) and minorities of £3,000 (£1,000).

Retained earnings were down from £1.14m to £664,000. The final dividend is being raised from 1.8p to 1.9p which brings the year's total up to 2.9p net, compared with 2.8p.

The directors say that in the current year, as already announced, the group has further diversified its activities by the acquisition of a squash and leisure centre.

This is an area which holds good prospects of further development for the group, especially having regard to its established interests in the manufacture and supply of sports and leisure equipment, they add.

In the pyrotechnics division the extension of the company's marketing on a world-wide scale is gaining substantial orders for its specialised products for rescue, safety and defence training.

● comment

Declining sales from the end of December in M.Y. Dart's key packaging division — around two-fifths of turnover—was largely responsible for the 29 per cent fall in pre-tax profits. Although packaging orders are picking up there are no signs of a recovery in margins, which were more than halved over the year, and the company will have to look elsewhere if it is going to hold onto this lower level of profit during the current year. The smaller pyrotechnics division, which produced net profits, is expected to double its earnings this year as M.Y. Dart has recently won defence contracts in excess of £1m. In addition, the U.S. manufacturing and distributing factory may contribute to group profits for the first time in the coming six months. Backed by a strong balance sheet with borrowings of just under £3m supported by net assets of £12m at year-end, the company still has flexibility to diversify and expand. The acquisition of at least one leisure centre is anticipated soon. The shares rose 2½p to 38½p, where they yield 11.3 per cent.

G. Callender jumps to £0.61m halfway

Turnover of George M. Callender improved from £3.55m to £4.95m and taxable profits jumped to £609,327 for the first half of 1980, against £277,546, but the directors say the growing economic difficulties may have some adverse effect during the second half.

However, they believe there will be a successful outcome to the full year — profit for 1979 was a record £927,783—justifying the increase in the interim dividend from 0.605p to 0.7p net per 10p share.

After tax up from £144,324 to £316,850 net profit of this manufacturer of bitumen damp proof courses, came through ahead at £292,477 (£133,222) giving earnings per share of 3.6p compared with 1.7p.

28% year-end advance at North British Props.

PRE-TAX profits of North British Properties rose 35 per cent from £1.15m to £1.55m in the year ended July 31, 1980, beating the forecast of not less than £1.4m made at the time of the April rights issue.

The final dividend is the expected 1.8p on increased capital lifting the total from 2.5p to 2.8p. Basic earnings per share are stated as 5.12p against 4.05p and 4.58p fully diluted.

The profit result reflects increases in rental income to £1.82m (£1.43m) and profit taken on properties for sale £727,000 (£592,000).

Capital profits rose by £2.79m following the unrealised surplus after a professional revaluation of the properties of the group's principal associated company, Cramlington Investments. The directors have themselves valued the group's investment property portfolio at £23.66m, representing an increase of £5.77m over book value, not reflected in the accounts.

	1979-80 £000	1978-79 £000
Inc. from Inv. props.	1,817	1,437
Property sales	—	1,552
Related costs	—	1,350
Attributable profit*	727	390
Associate's profits	101	22
Propy. outgoings and costs	444	354
Interest	648	536
Profit before tax	1,553	1,151
Tax	890	626
Net profit	663	525
Extraordinary items	51	55
Dividends	363	324
Retained	300	256
Forward	1,182	882

* On developments for sale in progress.

BIDS AND DEALS

Neville Johnson sells 1m Kitchen Queen shares

Mr. Neville Johnson, who resigned suddenly in January as chairman of Kitchen Queen, the furniture group which he brought to the market in November 1978, has sold a further 1m shares, to the London Trust Company for 14.95p each.

Mr. Johnson originally held nearly 13m shares, but when he resigned as chairman in January 1980 he sold 8.5m shares to his colleagues Mr. L. D. Morris and Mr. J. A. Bentham. The shares were then trading in the market at about 24p.

Since then, losses at Kitchen Queen totalling some £9.5m have had to be provided for, and trading has continued only through very substantial help from the group's bankers.

During the day, the shares were being quoted in the market at 16.8p.

Of the new shares issued, 575,000 have been placed by De Zoete and Bevan with institutional investors, 325,000 shares with Caparo Group and 377,000 shares with the directors of Singlo and their associates.

CHAMBERS & FARGUS

Mr. Harvey Michael Ross, the Yorkshire bullion dealer and financier, has increased his shareholding in Chambers and Fargus, the seed crusher and edible oil refiner, from 9.5 per cent to 11.7 per cent.

His holding—first revealed in September—has increased from 340,500 to 418,000 shares. Yesterday the shares closed 5p higher at 45p (after being up to 46p) valuing this holding at £188,100.

The directors of the company have a holding of some 6.85 per cent of the capital while Mr. J. B. N. Kurkjian has a 29.89 per cent stake.

SALE TILNEY

As a result of its reduction in its holding in Electra Investment Trust, Globe Investment has ceased to have a notifiable interest in Sale Tilney ordinary shares. Electra has an interest in 18.9 per cent.

SINGLO PLACING

Arrangements have been made for the placing of 1,277,000 ordinary of 10p each in Singlo Holdings at 20p per share.

The shares have been issued to the vendors of Norman's (Budleigh), the group's cash and carry business, and placed on their behalf to provide a net sum of £250,000 to them as further consideration arising under the terms of the original acquisition agreement for the purchase of Norman's dated in March 1979.

TRUSTS ACTIVE IN LAND DEALS

The Charities Property Unit Trust and The Pension Fund Property Unit Trust (PFPUT) have both completed further purchases of agricultural land.

A 506-acre arable farm near Mintlaw, Aberdeenshire, has been bought by the Charities Property Unit Trust. The return to the Trust is approximately 4 per cent.

PFPUT has purchased, under a leaseback arrangement, 263 acres

ASSOCIATE DEAL

Panmure Gordon and Company, on behalf of Transport Development Group, bought 100,000 Giltspur ordinary shares on October 28 at 113½p.

BRENGREEN

Exclusive Cleaning Group, a subsidiary of Brengreen (Holdings), has completed purchase of 89 per cent of share capital of Beaver Cleaners for £42,720 cash.

Beaver and its wholly-owned subsidiary Scottish Window Cleaning Company, carry on business as commercial cleaning contractors, principally in Scotland.

Exclusive hopes to acquire remaining 11 per cent of Beaver shares.

SHARE STAKES

Lincroft Kilgour Group — London Wall Extra Income Growth Unit Trust no longer has any interest in the issued ordinary share capital (previously 310,000 shares or 6.5 per cent).

Booth (International Holdings) —Brown, Shipley and Company states that its client Arthur Bartfeld Group has increased its holding in Booth to a total of 520,003 ordinary.

Bentalls—Mr. J. F. N. Anstee has disposed of 80,000 ordinary, reducing his holding to 267,727. Mr. L. E. Bentall, director, has disposed of 26,000 ordinary, reducing his total holding to 2,174,485 (5.2 per cent).

MINING NEWS

MIM replaces Houston in Oaky Creek venture

BY KENNETH MARSTON, MINING EDITOR

THE U.S.-controlled Houston Oil and Mineral Australia has pulled out of the A$500m (£240m) Oaky Creek coking coal project in Queensland which it initiated after a fruitless three-year effort to meet the Australian Government's foreign ownership guidelines.

Houston has sold its 38 per cent equity to the other major partner, the Queensland base metals group MIM Holdings which last November purchased a 40 per cent interest in the project, reports James Forth from Sydney.

MIM is 47 per cent owned by the U.S. Group, Asarco, but is classified under the guidelines as "naturalised" which means that 50 per cent of its equity is counted as local.

As MIM now holds 78 per cent in Oaky Creek, the local ownership is regarded as 39 per cent, or 11 per cent short of the 50 per cent required for new mining projects. The remaining 22 per cent is held by three European steel groups, which took equity as part of agreements to purchase coal from the Oaky Creek project.

If the additional Australian interest came only from MIM the base metal group would need to sell 22 per cent of its holding, reducing it to 56 per cent. If the European groups were prepared to relinquish some equity, MIM would need to dispose of a lesser amount of equity.

Houston gained the Oaky Creek area from the Queensland Government with a promise to spend A$80m within three years. The U.S. group committed the project without sales contracts when the world coking coal market was depressed. It found, however, that Australian companies were reluctant to take the risk as partners

In fact, the one Australian group which had joined the venture, R. W. Miller re-sold its 20 per cent stake in Houston. MIM bought its 40 per cent stake in November.

Houston has now managed to obtain contracts to enable the development of a 4m tonnes a year operation, and Australian companies have indicated to the Foreign Investment Review Board their interest in joining the venture.

The Government had told the Oaky Creek partners it would agree to development with less than the 50 per cent local equity if they guaranteed to meet this level by the time production started in 1982. But Houston has apparently been unable to reach agreement with potential Australian participants and has sold to MIM, subject to FIRB and Government approvals. MIM thus takes over from Houston as operator.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bambers Stores, Boosey and Hawkes, Canadian and Foreign Investment Trust, Coats Patons, Hopkinsons, Lunuva (Ceylon) Tea and Rubber, William Press, Weeks Associates, West Bromwich Spring, Yarklyde.

Finals: Aberdeen Trust, Armour Trust, J. Hepworth, S. Simpson.

FUTURE DATES

Interims—	
Airflow Streamlines	Nov. 6
Allied Breweries	Nov. 25
Allied Irish Banks	Nov. 12
English and Intnl. Trusts	Oct. 31
Hertwells	Nov. 12
Slingsby (H. C.)	Nov. 12
Valor	Nov. 13
Finals—	
Avon Rubber	Dec. 3
Baggeridge Brick	Dec. 8
Rand Mines Properties	Oct. 31
Tricoville	Nov. 8

Rights issue by Oakbridge

THE Australian coal mining and industrial group, Oakbridge, plans to split its shares from A$1 into units of 50 cents and raise A$18m (£8.64m) by way of an A$8m rights issue and an A$10m placing of 9 per cent preference shares, redeemable in 1985.

The share-split will be effective on November 24. Holders registered on November 28 will be offered new 50 cents shares at par (about 24p) in the ratio of one-for-four. The existing A$1 shares were A$4.40 in Sydney yesterday.

The directors say that it is expected to maintain the dividend rate at 12 per cent on the increased capital. The new shares will rank for the final dividend to be declared for the current year to next June.

The new funds will be used in the company's coal expansion. Mr. Grahame Mapp, the Oakbridge chairman, says that coal developments in hand will involve A$100m over the next four to five years.

CMI A$4m rights issue

AFTER a sparkling profits performance in the year to September 30, Commonwealth Mining Investments (Australia) (CMI) has announced that it is seeking to raise almost A$4m (£1.9m) by way of a rights issue. A total of 1.54m shares of nominal value A$1 are to be issued at a price of A$2.50 (121p)

This sector was one of CMI's most successful fields of invest- a share. Terms are one-for-five.

CMI, a subsidiary of Australia's second largest life office, the National Mutual Life Association of Australia, said yesterday that the funds raised would be used for investment both in Australia and overseas, particularly in the energy-related sector.

ment in the past 12 months, during which net profits rose by 203 per cent over the previous comparable period to A$5.72m. The final dividend of 18 cents a share lifts the total for the year to 26 cents.

The existing shares are priced at around A$3.55.

Strike hits profits at Sunshine

AN eight-month strike by mine workers has given Sunshine Mining, owner and operator of the largest silver mine in the U.S., a net loss for the third quarter of $2m (£0.83m), compared with a profit of $2m in the corresponding quarter of 1979, reports David Tonge from New York.

Sales revenue for the period was $422,000, compared with $6m a year earlier. This was earned by supervisors leeching stockpiled ore.

Mr. G. Michael Boswell, chairman of Sunshine, said that the company had unilaterally implemented its last wage offer and was hiring new employees. The company expects limited production to resume in the near future, but Mr. John Crowley of Sinclair, the precious metals brokers, warns that the strike will influence the next quarter's results.

Silver prices have recovered from their springtime slump, which was a major contributing factor in the group posting a loss in the second quarter.

For the first nine months of the year, Sunshine lost $1.2m on sales of $8m, compared with profits of $3.4m from continuing operations on sales of $15.6m in the comparable period of 1979.

The company is expected to start up a silver refinery next May.

CRA MEETS WELCOME STRANGER

News announcements continue to bubble merrily atop the Australian mineral exploration scene and the latest concerns a company with a title recalling the old nickel boom days, Welcome Stranger Mining Company.

Its welcome has been accepted by the Rio Tinto-Zinc group's CRA Exploration. The latter announces that agreement has been reached between the two parties on farm-in arrangements relating to mineral claims and gold mining leases which Welcome Stranger either holds or is in process of acquiring in the Norseman area of Western Australia.

The leases and claims have been divided into three groups. CRAE can acquire a 70 per cent interest in each of them by spending amounts ranging up to A$400,000 (£192,000) on exploration work within three years.

In the cases of two groups CRAE is to spend the respective initial amounts of A$100,000 and A$35,000 within 12 months while at the third, Mt. Thirsty, Welcome Stranger will provide the initial A$100,000.

BRENGREEN CONVERSION

The directors of Brengreen (Holdings) report that £349,980 of convertible unsecured loan stock has recently been converted into 3,499,800 new ordinary shares.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	390	106	34	120	1	—	—	476p
BP	420	82	49	86	—	108	—	"
BP	460	50	36	68	12	84	—	"
BP	500	30	64	46	7	64	—	"
Com. Union	180	18	—	26	5	23	—	166p
Com. Union	180	2	50	17	14	22	—	"
Cons. Gold	460	220	10	—	—	—	—	681p
Cons. Gold	500	108	2	185	20	148	—	"
Cons. Gold	650	75	84	83	80	105	—	"
Cons. Gold	700	48	41	67	—	—	—	"
Courtaulds	50	17½	—	20	1	—	—	64p
Courtaulds	60	8	—	14½	—	17½	0	"
Courtaulds	70	6	—	2	2	11½	—	"
GEC	390	200	1	—	—	—	—	568p
GEC	500	103	—	123	10	145	—	"
GEC	550	53	—	88	—	110	1	"
GEC	600	36	64	56	—	80	23	"
Grand Met.	130	44	1	—	—	—	—	166p
Grand Met.	140	36	2	38	—	42	6	"
Grand Met.	160	17½	26	27	—	21½	6	"
Grand Met.	180	2	11	14½	—	18	—	"
ICI	360	14	10	27	—	28	—	367p
ICI	390	7	—	14	6	—	—	"
Land Secs.	660	—	—	72	10	86	—	662p
Land Secs.	690	33	16	52	—	65	6	"
Land Secs.	420	17	12	33	26	—	—	"
Marks & Sp.	90	31	2	36	—	—	—	115p
Marks & Sp.	100	21½	2	28	—	31	—	"
Marks & Sp.	110	16	10	20½	—	24	—	"
Marks & Sp.	120	7½	22	16	—	12	—	"
Shell	420	74	10	88	—	100	—	465p
Shell	460	44	47	60	—	74	—	"
Totals			606		134		38	"
		November		**February**		**May**		
Imperial Gp.	70	7½	30	12½	—	16	—	76p
Imperial Gp.	80	1½	26	3½	4	9	2	"
Imperial Gp.	90	¾	16	2½	1	4½	—	"
Lonrho	84	52	—	53	4	—	—	115p
Lonrho	94	22	4	29	—	—	—	"
Lonrho	104	13	12	20	—	—	—	"
Lonrho	110	—	—	—	—	21	40	"
Lonrho	114	4½	55	12½	16	—	—	"
Lonrho	120	2½	2	10	12	17	—	"
P. & O.	140	1½	—	6	—	9½	6	123p
Racal Elec.	300	64	72	76	—	27	—	361p
Racal Elec.	330	27	66	31	9	27	—	"
Racal Elec.	360	0	22	34	19	60	—	"
RTZ	454	27	1	55	3	80	1	479p
RTZ	494	7	2	30	—	57	—	"
Totals			267		68		48	"

CURRENCIES, MONEY and GOLD

Dollar eases

Underlying sentiment was unchanged in the foreign exchange market yesterday, although the dollar finished slightly weaker on the day against most major currencies. The U.S. currency eased to DM 1.8855 from DM 1.8930 against the D-mark, to SwFr 1.6960 from SwFr 1.7075 in terms of the Swiss franc, and to Y210 from Y213.15 against the Japanese yen.

Despite the slight decline the dollar was in demand during the morning as Eurodollar interest rates remained firm, but lost ground as Eurodollar rates eased, only to show renewed strength as a result of the upward trend in U.S. bank prime lending rates. The dollar's index, as calculated by the Bank of England, fell to 84.9 from 85.4.

Sterling's index, on Bank of England figures, rose to 79.0 from 78.9, after opening at 79.1 and rising to 79.2 at noon.

The pound opened at $2.4420-2.4430 against the dollar, and fell to a low of $2.4380-2.4390 in the morning, reflecting demand for the dollar. Sterling recovered to $2.4410-2.4420 at noon, and touched a peak of $2.4440-2.4450 in the afternoon, before closing at $2.4410-2.4420, a rise of 55 points on the day.

D-MARK — Second weakest member of the European Monetary System and lower against the dollar on interest rate differentials. The German currency has been at its lowest permitted limit against the French franc within the EMS and around a six-month low against the dollar and a four-year low in terms of sterling — The D-mark lost ground to the dollar and sterling at the Frankfurt fixing yesterday. The Bundesbank probably intervened to support the German currency during the day, but not sell any dollars when the U.S. currency was fixed at DM 1.8942, compared with DM 1.8922 on Tuesday. During the morning the dollar rose to a peak of DM 1.8980, and at this point it was estimated that the German central bank sold about $50m. Sterling was fixed at DM 4.6260 against DM 4.6010, the highest level for over four years.

BELGIAN FRANC — Coming under increasing pressure and now little firmer than the D-mark near the bottom of the EMS—The Belgian franc required central bank support to keep it off its floor against the French franc. The Belgian currency was fixed at FFr 14.375 per 100 Belgian francs in Paris, against a lowest permitted level of FFr 14.368. At the Brussels fixing the French franc rose to BFr 6.95755 from BFr 6.9515, while other members of the EMS showed mixed changes. The D-mark rose to BFr 16.0205 from BFr 16.0190, and the Dutch guilder to BFr 14.8170, from BFr 14.80725, while the Irish punt eased to BFr 60.35 from BFr 60.45 and the Danish krone to BFr 5.21225 from BFr 5.2140. The dollar rose to BFr 30.3450 from BFr 30.30 at the fixing, and sterling to BFr 74.085 from BFr 73.6750.

JAPANESE YEN—Expectations of a strengthening Japanese economic performance keep the yen firm despite speculation of an imminent cut in the Bank of Japan discount rate — The yen continued to advance in heavy Tokyo trading, with the dollar falling to Y211 from Y213, after opening at Y212.90. Profit taking and news of a worsening balance with Japan in the latest U.S. trade figures pushed the U.S. currency to a low of Y210.50. There was no sign of intervention by the central bank.

THE POUND SPOT AND FORWARD

Oct. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4380-2.4450	2.4410-2.4420	0.60-0.50c pm	2.70	1.03-0.93 pm	1.60
Canada	2.8615-2.8700	2.8635-2.8645	1.25-1.15c pm	5.03	3.00-2.90 pm	4.12
Nethlnd.	4.97-5.02	4.97¾-4.98¾	3½-2½c pm	7.22	9-8 pm	6.82
Belgium	73.60-74.30	73.70-73.80	32-22c pm	4.39	82-72 pm	4.18
Denmark	14.14-14.25	14.16½-14.17½	4⅞-3⅛ore pm	2.54	6½-4⅞ pm	1.59
Ireland	1.2230-1.2300	1.2265-1.2275	0.50-0.41p pm	4.45	0.80-0.71 pm	2.46
W. Ger.	4.59-4.64	4.60-4.61	3¼-2¼pf pm	7.17	8-8 pm	7.38
Portugal	124.70-125.50	125.00-125.20	12c pm-14 dis	−0.09	2-70 dis	−1.09
Spain	182.90-183.60	183.00-183.10	105-165c dis	−8.85	375-435 dis	−8.85
Italy	2,177-2,188	2,178-2,179	5¼-11¼lire dis	−3.66	25-28 dis	−4.86
Norway	12.06-12.11	12.07½-12.08½	6-4¼ore pm	5.21	12½-11 pm	3.89
France	10.39-10.66½	10.60-10.61	5¾-4¾c pm	5.94	14¼-13¾ pm	5.19
Sweden	10.32½-10.38½	10.33-10.34	¼ore pm-½ dis	−0.22	⅞-1½ dis	−0.46
Japan	510-520	512½-513½	2.75-2.30y pm	5.91	8.40-7.95 pm	6.37
Austria	32.50-32.80	32.52-32.57	16-12gro pm	5.16	40-35 pm	4.61
Switz.	4.12½-4.17	4.13¾-4.14¾	4¼-3¼c pm	11.22	11½-10¼ pm	10.38

Belgian rate is for convertible francs. Financial franc 73.90-74.00. Six-month forward dollar 1.52-1.42c pm. 12-month 1.80-1.70c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4380-2.4450	2.4410-2.4420	0.60-0.50c pm	2.70	1.03-0.93 pm	1.60
Ireland†	1.9845-1.9925	1.9885-1.9900	0.25-0.35c dis	−1.81	0.40-0.50dis	−0.90
Canada	1.1741-1.1764	1.1741-1.1743	0.30-0.25c pm	2.86	0.82-0.77 pm	2.71
Nethlnd.	2.0395-2.0510	2.0410-2.0420	0.86-0.76c pm	4.76	2.86-2.76 pm	5.51
Belgium	30.19-30.39	30.19-30.21	6½-5c pm	2.28	21-18 pm	2.58
Denmark	5.8040-5.8365	5.8070-5.8085	0.90-0.40ore pm	1.34	par-0.50 dis	−0.17
W. Ger.	1.8810-1.8980	1.8850-1.8860	0.75-0.70pf pm	4.61	2.83-2.78 pm	5.95
Portugal	51.15-51.30	51.15-51.25	7-17c dis	−2.81	23-50 dis	−2.85
Spain	74.99-75.25	74.99-75.04	65-85c dis	−12.00	185-210dis	−10.53
Italy	894.00-896.13	894.00-894.50	3-4lire dis	−4.70	13-14½ dis	−5.15
Norway	4.9470-4.9560	4.9475-4.9485	1.20-0.70ore pm	2.30	3.15-2.65 pm	2.34
France	4.3430-4.3675	4.3430-4.3450	1.15-1.05c pm	3.04	3.90-3.75 pm	3.53
Sweden	4.2350-4.2485	4.2350-4.2365	0.95-1.10ore dis	−2.90	2.15-2.30dis	−2.10
Japan	209.70-211.20	209.95-210.05	0.70-0.50y pm	3.43	2.75-2.80 pm	5.09
Austria	13.32½-13.41¼	13.32½-13.33½	2.80-2.30gro pm	2.29	10.00-8.50 pm	2.77
Switz.	1.6910-1.7075	1.6955-1.6965	1.20-1.15c pm	8.31	3.75-3.70 pm	8.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.00	−26.5
U.S. dollar	84.8	−8.8
Canadian dollar	80.3	−17.7
Austrian schilling	150.8	+22.6
Belgian franc	113.1	+11.5
Danish kroner	103.4	−7.1
Deutsche mark	149.3	+40.8
Swiss franc	194.6	+78.9
Guilder	124.6	+19.1
French franc	99.0	−6.7
Lira	51.3	−58.4
Yen	137.5	+35.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.531914	0.55712
U.S. $	11	1.29267	1.35381
Canadian $	11.76	1.51873	1.59098
Austria Sch.	6¾	17.3051	18.1681
Belgium F.	19	39.1740	41.0847
Danish K.	11	7.49865	7.88322
D'mark	7½	2.44687	2.566882
Guilder	8	2.64144	2.77598
French Fr.	9½	5.61822	5.91275
Lira	16½	1157.12	1219.67
Yen	8.25	277.679	288.361
Norwgn. Kr.	9	6.40100	6.70812
Spanish Pta.	8	97.2044	101.806
Swedish Kr.	10	5.48797	5.76208
Swiss Fr.	3	2.21145	2.31433

OTHER CURRENCIES

Oct. 28	£	$		£ Note Rates
Argentina Peso	4733-4773	1946-1953	Austria	32.50-32.80
Australia Dollar	2.0800-2.0840	0.8530-0.8535	Belgium	73.95-74.65
Brazil Cruzeiro	145.35-146.35	50.595-50.795	Denmark	14.80-14.32
Finland Markka	9.09-9.11	3.7283-3.7305	France	10.62-10.70
Greek Drachma	104.601-107.110	42.90-43.10	Germany	4.61-4.65
Hong Kong Dollar	12.36½-12.38	5.0645-5.0665	Italy	2190-2245
Iran Rial	n.a.	n.a.	Japan	515-520
Kuwait Dinar(KD)	0.651-0.657	0.2681-0.2682	Netherlands	4.08-5.02
Luxembourg Frc.	73.70-73.80	30.19-30.21	Norway	12.08-12.20
Malaysia Dollar	5.2325-5.2485	2.1425-2.1445	Portugal	130½-136
New Zealand Dlr.	2.4920-2.4970	1.0815-1.0825	Spain	177¾-188
Saudi Arab. Riyal	8.06-8.19	3.3190-3.3205	Sweden	10.33-10.47
Singapore Dollar	5.0840-5.0940	2.0825-2.0845	Switzerland	4.14¼-4.17¼
Sth. African Rand	1.8300-1.8310	0.7495-0.7500	United States	2.43½-2.45
U.A.E. Dirham	8.97-9.03	3.6880-3.6895	Yugoslavia	77-80

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.1366	+3.39	+0.99	±1.53
Danish Krone	7.72336	7.89850	+2.27	−0.13	±1.64
German D-Mark	2.48208	2.56752	+3.44	+1.04	±1.125
French Franc	5.84700	5.91472	+1.16	−1.24	±1.3557
Dutch Guilder	2.74362	2.77702	+1.22	−1.18	±1.512
Irish Punt	0.668201	0.681048	+1.92	−0.48	±1.668
Italian Lira	1157.79	1214.95	+4.94	+2.68	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.442	4.605	513.0	10.61	4.143	4.983	2179.	2.864	73.75
U.S. Dollar	0.410	1.	1.886	210.1	4.344	1.697	2.041	892.3	1.173	30.21
Deutschemark	0.217	0.530	1.	111.4	2.303	0.900	1.082	473.1	0.622	16.02
Japanese Yen 1,000	1.949	4.759	8.977	1000.	20.67	8.075	9.712	4247.	5.583	143.8
French Franc 10	0.943	2.302	4.342	483.7	10	3.906	4.698	2054.	2.701	69.54
Swiss Franc	0.241	0.589	1.112	123.8	2.560	1.	1.203	525.9	0.691	17.80
Dutch Guilder	0.201	0.490	0.924	103.0	2.128	0.831	1.	437.2	0.575	14.80
Italian Lira, 1,000	0.450	1.121	2.114	235.5	4.868	1.902	2.287	1000.	1.315	33.85
Canadian Dollar	0.340	0.852	1.608	170.1	3.703	1.446	1.740	760.6	1.	25.75
Belgian Franc 100	1.356	3.311	6.244	605.6	14.38	5.617	6.756	2954.	3.883	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 29)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 15/16	offer 15 1/16	bid 14 5/8	offer 14 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17½	13⅛-13⅜	13-15	8½-9	¾-1	8⅜-8⅝	10¾-11	14-17	13 7/16-13 9/16	11⅛-11⅝
7 days' notice	17¼-17⅝	13½-13⅞	11½-13½	8¾-9⅛	8½-8¾	8⅛-8⅜	10¾-11	18¾-20¾	13⅝-13¾	11¾-12¼
Month	17⅛-17¼	14 1/16-14 3/16	11¾-12¼	9⅛-9⅜	4⅞-5⅛	8⅝-8⅞	11-11¼	20¼-21¼	14⅛-14¼	10¼-10½
Three months	16⅜-16½	14⅞-15⅛	12¼-18⅝	9 3/16-9 5/16	6⅛-5⅜	8⅝-8⅞	11⅜-11⅝	21¼-22¼	14⅞-15	9¾-10
Six months	16¼-16⅜	14⅞-14⅞	12½-12¾	9 1/16-9 5/16	5⅞-6	8½-8⅞	12-12¼	21½-22½	14 7/16-14 11/16	9⅛-8⅜
One Year	14⅞-15	15⅛-14⅞	12½-12⅝	9½-9⅝	5¾-5⅞	8½-8⅝	13⅛-12¾	21¼-22¼	14-14⅛	8⅛-9⅜

Long-term Eurodollar two years 13½-13¾ per cent; three years 13½-13½ per cent; four years 13⅝-13¾ per cent; five years 13⅝-13⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen, others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.30-14.40 per cent; three-months 14.65-14.75 per cent; six-months 14.65-14.75 per cent; one year 13.70-13.90 per cent.

INTERNATIONAL MONEY MARKETS

French rates ease

Short term interest rates in France and Germany tended to reflect the respective positions of the franc and the D-mark in the European Monetary System. With the French currency remaining very firm at the top of the EMS call money in Paris fell to a 13-month low of 10¾ per cent yesterday from 10⅞ per cent. Term rates also declined: to 11-11⅛ per cent from 11⅛-11¼ per cent for one-month; 11⅛-11⅜ per cent from 11 5/16-11 7/16 per cent for three-month; and 11 11/16-11⅞ per cent from 11 13/16-11 15/16 per cent for six-month money.

On the other hand German interest rates were generally firm, and with the D-mark under pressure there now seems little prospect of an early cut in Bundesbank key lending rates.

The D-mark was again at its lowest permitted level against the franc under EMS rules, and Frankfurt interest rates were firmer, although call money eased to 9.00-9.10 per cent from 9.05-9.15 per cent. One-month funds rose to 9.20-9.30 per cent from 9.15-9.30 per cent and three-month to 9.20-9.30 per cent from 9.00-9.20 per cent. Six-month money improved to 9.00-9.10 per cent from 8.70-8.90 per cent, and 12-month to 8.90-9.05 per cent from 8.60-8.80 per cent.

In Amsterdam interest rates were easier, largely as a result of the weakness of the D-mark against the guilder. Although there was no evidence of intervention by the Dutch authorities to support the D-mark, the guilder remained the second strongest member of the EMS.

MONEY RATES

NEW YORK	
Prime Rate	14-14½
Fed. Fund	12¾-12⅞
Treasury Bills (13-week)	12.52
Treasury Bills (26-week)	12.61
GERMANY	
Discount Rate	7.50
Overnight Rate	9.05
One month	9.25
Three months	9.25
Six months	9.05
FRANCE	
Discount Rate	9.5
Overnight Rate	10.75
One month	11.0625
Three months	11.3125
Six months	11.75
JAPAN	
Discount Rate	8.25
Call (Unconditional)	10.9375
Bills Discount (three-month)	10.40625

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit remained in surplus in the London money market yesterday and the authorities absorbed part of the surplus by selling a small amount of Treasury bills to the discount houses. The market was faced with the unwinding of a moderate repurchase agreement of bills, but this was outweighed by large balances carried forward by the banks, and a large surplus of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 14-15½ per cent for secured call loans in the early part, with closing balances taken at 12½-15½ per cent, and once again the need to maintain the correct reserve asset ratios was a major factor behind the flow of money to the houses.

In the interbank market overnight loans touched 17½-17¾ per cent, but eased to 15½-15¾ per cent in the afternoon before closing at 16-16½ per cent.

GOLD

Firmer trend

Gold rose $12 to $642-645 in the London bullion market yesterday. It opened at $635-638 and improved to $643.50 at the morning fixing influenced by news that the Iranian Parliament failed to make a decision on the U.S. hostages. In the afternoon gold was fixed at $644.00 and touched a peak of $645-647 just before the U.S. opening.

In Paris the 12½-kilo gold bar was fixed at FFr 90,900 per kilo ($646.84 per ounce) in the afternoon, compared with FFr 90,750 ($646.64) in the morning, and FFr 89,430 ($637.46) Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 39,265 per kilo ($644.51 per ounce), compared with DM 38,350 ($631.47) previously, and finished at $643-645 against $631-633 on Tuesday.

In Zurich gold closed at $642-645, compared with $631-634 previously.

	Oct. 29		Oct. 28	
Gold Bullion (fine ounce)				
Close	$649-645	(£263-264¼)	$630-633	(£258½-259¾)
Opening	$633-638	(£260-261¼)	$630-633	(£259-260¼)
Morning fixing	$643.50	(£263.567)	$631	(£259.191)
Afternoon fixing	$644	(£263.589)	$631.75	(£259.718)
Gold Coins				
Krugerrand	$661-633	(£270½-272)	$650-652	(£267-268)
½ Krugerrand	$338-342	(£137-140)	$333-337	(£135-139)
¼ Krugerrand	$170-174	(£69½-71½)	$168-172	(£68-71)
1/10 Krugerrand	$70-78	(£28-30)	$69-71	(£27½-29½)
Mapleleaf	$656-660	(£268½-270½)	$644-648	(£263-265)
New Sovereigns	$163-164	(£66¾-67¼)	$160-161	(£65¾-66¼)
King Sovs.	$181-183	(£74-75)	$179-181	(£73½-75)
Victoria Sovs	$181-183	(£74-75)	$179-181	(£73½-75)
French 20s	$165-168		$163½-167½	
50 pesos Mexico	$801-804		$785-789	
100 Cor. Austria	$694-687		$616-620	
$20 Eagles	$750-754		$743-747	

LONDON MONEY RATES

Oct. 29 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15½-17¾	16¾	—	—	16½-16¾	12½-13½	—	—	—
2 days notice	—	—	17⅛-17¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17¼	17¼	—	17½	—	14½-15½	—	—	—
One month	16⅛-16⅝	16 15/16-17 3/16	17	17¾-18	17⅜	17⅜	15-13⅛	14 9/32	16½-16¾	17¼
Two months	16¼-16½	16 5/16-16⅞	—	16½-17	17 1/16	17¼	14½-14⅞	14⅜	16 5/16	16½
Three months	16⅜-16¼	16⅜-16 7/16	16½-16¾	16⅞-16⅞	16⅝	17-17⅛	14⅜-14½	14⅜-14 9/32	15 13/16-15½	16⅛
Six months	15 7/16-15 9/16	16⅝-16	15¼-18¾	15⅞-15⅝	16⅛	16⅝	—	—	14⅜	15⅛
Nine months	14⅞-14¾	14⅞-16¼	—	14⅞-13⅜	13¾	16	—	—	—	—
One Year	14⅜-14¼	14½-14⅞	14⅜-14¾	14⅝-14⅞	14 7/16	15⅛	—	—	—	—
Two years	—	—	13⅞-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Longterm local authority mortgage rates nominally three years 13⅞-14 per cent; four years 13½-13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅛ per cent; four-months trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 14 9/32 per cent; two-months 14⅜-14 9/32 per cent; three-months 14⅜-14 9/32 per cent. Approximate selling rates for one-month bank bills 15⅜ per cent; one-month trade bills 17 per cent; two-month bank bills 16 5/16 per cent; two-months 15⅞ per cent; three-months 16⅛ per cent and three-months 16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 13.3334 per cent.

INTERNATIONAL COMPANIES and FINANCE

Charter incurs $22m loss

BY DAVID LASCELLES IN NEW YORK

CHARTER, the acquisitive Florida-based energy company which found earlier this year that it was biting off more than it could chew in terms of bid proposals, yesterday reported a $22.4m loss in the third qnarter. This compared with a profit of $131.5m in the same period last year. Revenue was $1.04bn, down from $1.34bn.

Charter blamed the loss largely on the weakness of the oil products market, which hurt its refining and marketing operations. Charter is particularly vulnerable in this regard because it obtains most of its oil under costly abort term contracts or spot purchases, though it ha abeen striving to arrange long term oil supplies at more reasonable prices.

The company said yesterday that it bad taken eteps to ease the squeeze by cutting refinery runs and reducing inventories until the world oil market improves.

September, the last month of the quarter, was better than July and August, Charter said, though it declined to predict results in the final quarter.

In August, Charter's problema forced it to call off a couple of acquisitions: the $567m it had offered for Commonwealth Oil Refining and the 35 per cent stake it wanted to buy in Republic National Life Insurance.

Certain petroleum inventories, as of September 30 were less than December 1979 levels, resulting in a liquidation of prior year's Lifo layers wbich were carried at lower costs.

If sucb inventories bad been replaced at current cost, neat earnings for the latest third quarter and nine month period would bave been lower by about $5m or 23 cents fully diluted for the quarter and 18 cents fully diluted for the nine months.

Cities Service, another large oil supply concern, reported a modest gain in earnings, from $86.1m or $1.03 a share, to $92.6m or $1.11. The company'e energy earnings were helped by improved results in the natural gas transmission and downstream oil businesses.

But energy production earnings were lower. Earnings from chemicals were bit by operational problems and the impact of the recession.

At the nine month stage, earnings have improved from $241.3m or $2.90 a share to $369.7m or $4.44 a share. Sales of $5.72bn compared with $4.52bn a year earlier.

Cities service said that about $50m of the nine months earnings were attributable to crude oil supply transactions which are the subject of previously reported litigation. No provision has been made for this contingency which could have an adverse after-tax effect of up to $105m.

The improvement in the nine months earnings resulted frum higher earnings in most business areas with the exception of chemicals and international oil and gas, the company said.

Operating returns slump at U.S. Steel

By Our New York Staff

U.S. STEEL, the largest steelmaker, has incurred a slump in third quarter operating profits, down 61 per cent from $86.5m last year to $33.6m. Net profits for the latest three months, however, were only 13 per cent down, from $88.2m or $1.02 a share to $77m or 88 cents a share. This reflected a $77.8m gain from the sale of the Universal Atlas cement business and an interest in a New York city office building.

All operating profits came from non-steel sectors such as chemicals and oil field equipment.

Steel shipments slipped 28 per cent below last year's third quarter to 3.6m tonnes. Steel operations were at a mere 51 per cent of capacity and Mr. David Roderick, chairman, said inflatinnary cost increases could not be recovered in the marketplace.

Third quarter sales were 12.5 per cent below last year's levels at $2.8bn. The company has suffered with other U.S. steel prodncers from the recession though Mr. Roderick said the group is experiencing improved volume in many of its businesses and is cautiously optimistic that the recession "bottomed out" in the third quarter.

Net income for nine months was $314.5m or $3.61 a share, against $375.9m or $4.38 a share last year. The latest returns inclnde a tax credit of $45.6m while the 1979 figures include a gain of $90.4m for accounting changes.

Algerian LNG suspension hits El Paso earnings

BY OUR FINANCIAL STAFF

CONTINUED suspension of deliveries of liquified natural gas from Algeria bas hit hard at third quarter earnings at El Paso Company, the gas pipeline group.

Net profits for the quarter were only $8.73m compared with $38.48m as the pricing disagreement between Sonatrach, the Algerian state energy concern and El Paso, halted deliveries. The company also said that profits for the quarter, which were equivalent to 18 cents a share compared with 83 cents, were also hit by lower profits from its chemical operations, which were affected by the U.S. economic recession.

LNG deliveries from Algeria have been suspended since April as the Algerians bave been attempting to align the LNG price with that of crude oil.

Because of the suspension El Paso's second quarter earnings also plumetted, from 88 cents to 13 cents a share, and after nine months profits of the group are well down from $110.49m to $49.61m, or from $2.40 a share to $1.05 a share. Third quarter revenues $50m higher at $882 took the nine-month total to $2.84bn against $2.18bn.

El Paso said the curtailment of Algerian deliveries wonld continue to have an adverse affect on its earnings this year and that total profits would be significantly below last year's level of $138.1m, or $2.99 a share. LNG accounted for 17 per cent of profits last year.

It said that although recent meetngs had been beld between Algerian and U.S. Government representatives no agreement on pricing had been reached. The U.S. Government has authorised El Paso to buy LNG at $1.95 per million British thermal units while Algeria has demanded $6 per million BTUs.

El Paso had been buying 700m cubic feet a day of LNG for resale to east coast U.S. customers, while the Algerian project had a potential of 1bn cu ft a day.

Firestone to close U.S. hose plant

By Our New Yurk Staff

FIRESTONE TIRE and Rubber, the large but troubled tyre company, is to close another of its plants in the U.S.

The plant to be closed is in Indiana and makes rubber bose, fuel cells and other mnulded rubber goods. Firestone said the facility was uncompetitive, in spite of beavy spending on modernisation, and that its product lines would be transferred to other Firestone factories.

The plant employs about 1,000 and will be the eigbtb Firestone plant in the U.S. to be closed in the last 18 months as the company has struggled to curtail beavy losses, which totalled $98m in its first three fiscal quarters.

Exxon lifts dividend

Exxon Corporation, the leading U.S. oil group has increased its quarterly dividend to $1.50 a share from $1.40, Reuter reports from New York. The dividend is payable December 10

Mobil net

Mobil Oil's net earnings for the first nine months this year totalled $2.71bn or $12.71 a share, against $1.5bn a year ago. This year's net inclndes an extraordinary gain of $459m from the sale of Mobil's interest in Belridge Oil to Shell Oil.

Bendix to sell stake in Asarco

BY OUR FINANCIAL STAFF

BENDIX, the diversified U.S. industrial concern wbich is also the largest automotive parts manufacturer, is to sell to Asarco its more than 20 per cent stake in the base metals group.

Asarco has agreed to pay $55 a share, almost $8 above yesterday's early market price, which would give a total value to the deal of $335m.

The announcement of the sale came only a month after Bendix announced the dispnaal of its forest products operations for $435m. At that time Bendix said it was looking intn the possibility of the sale of the Asarcn holding. Bendix expects to realise a gain of aboot $75m after taxes and other effects on income.

The sale is contingent on approval by Asarco's shareholders and the completion of the financing arrangements for the purchase. Asarco is expected to issue preferred stock and make use of existing funds and credit facilities to buy the 6.1m shares.

Bendix began building up its stake in Asarco in 1978 at a time when minerals were considered a good investment. This has been borne out with the capital gains shown on the Asarco bolding and the income from dividends.

Morgan Grenfell one of Alberta's fund managers

BY ROBERT GIBBENS IN MONTREAL

A CANADIAN investment management group and Morgan Grenfell, the London merchant bank, will be joint advisers to the C$7bn (U.S.$6bn) Heritage Savings Trust Fund of Alberta Province on investment strategy. The two companies will share an annual retaining fee totalling well into six figures, said Mr. Lou Hundman, the Treasnrer of Alberta.

The Canadian company is Montreal Investment Management, an associate of Toronto Investment Management and one of the largest Canadian investment advisers specialising in pension fund management.

The role of the two will be consnltative and the British merchant bank will advise on ways in which part of the fund can be invested in international financial markets. Day-to-day operation of the fund will continne in the bands of Government Heritage Fund Managers. The fund receives a major proportion of the Alberta Government's oil and gas revenues, to be invested in a way that will assure Alberta of alternative primary and secondary economic activities when oil and gas production declines.

At present, the monies are invested mainly in Government and senior corporation bonds and in the money markets.

Corco near settlements

By Our Financial Staff

SUBSTANTIAL progress has been made by Commonwealth Oil Refining (Corco) toward settlements with its major creditors.

It bas agreed on economic terms with most of the creditors.

Corco said it had been advised that the representatives of its bank group, Tesoro Petroleum, New York Life Insurance, Gulf Oil and of Exxon would recommend acceptance.

The Federal Bankruptcy Court in San Antonio had previously ordered the company to file definitive settlement agreements with certain of its major creditors by the beginning of this week.

Bethlehem in the red for third quarter

By Ian Hargreaves in New York

BETHLEHEM STEEL, the second largest U.S. steelmaker, slumped back into a loss in the third quarter and prodneed a goomy assessment of the likely pattern of steel demand and profitability for the rest of the year.

Bethlehem's loss was $32.3m compared with profits of $74.8m in the same period last year. Sales were also down sharply from $1.8bn to $1.48bn. The per share loss was 74 cents against a $1.71 profit.

Shipments of steel in the quarter were 30 per cent below the level of a year ago and for the first nine months of 1980 were 21 per cent lower than in the same months of 1979.

Bethlehem's nine-month net profit was $65.2m on sales of $5.05bn, compared with income of $237.1m on sales of $5.37bn in 1979. Earnings per share were $1.49 compared with $5.43.

In spite of an improvement in the rate of new orders in the qnarter, Bethlehem says it expects 1980 to be its worst year for steel shipments since the early 1960s. It forecasts a return to profits in the fourth quarter, but only "a modest profit" for the whole year.

Dissidents mount assault on SCM Board

BY DAVID TONGE IN NEW YORK

A FRESH battle for control of SCM, the troubled U.S. typewriter manufacturer and conglomerate, will take place today at the company's annual meeting in Dallas.

Last year saw the defeat of an attempt to gain board control and then mount an old-faahioned asset stripping operation. And while this year's challengers to the management have less lethal instincts, they are apparently seeking the company's hands in order possibly to sell one of its legs.

The conglomerate boom of the 1960s has rapidly faded in the barsher economic climate of more recent times, and the latest U.S. game is for businessmen to seek to exploit the "shop floor" of shareholders, many of whom resent stock market valuations of companies lagging behind the real valne of their assets.

In October 1979 SCM's management found itself having to resist efforts by Mr. N. Norman Muller, chairman of Macmuller Industries, to gain board control. Lawsuits and insults were traded, with SCM attacking Mr. Muller's record and credibility. When thet shareholders' votes were tallied, the management had won, but Mr. Muller had gathered around 30 per cent of the vote.

This year's dissidents are headed by Mr. Willard J. Rockwell, a former chairman of Rockwell Industries, who says SCM should give "serious consideration" to selling its food operations and "giving a portion of the proceeds" to shareholders. He also would "explore the possibility" of splitting the rest of the conglomerate, where sales this year are expected to total $1.9bn and profits around $50m, into two companies, one to handle SCM's typewriter, paper and appliance interests, and the other to deal with its paint and chemical operations.

The dissident's say the group'e sales and earnings bave barely kept pace with inflation and attacked the $753,00 cash and benefits which Mr. Elicker is to receive this year.

For its part SCM bas stressed its record and that it has achieved its eighth consecutive year of increased sales, earnings and dividends. It bas also questioned the integrity of Mr. Rockwell, by describing a land transaction he made five years ago.

What has made SCM vulnerable is a series of reverses in the past two decades. It has bad to withdraw from office copiers, where it once had the second position in the U.S. market, it bas ceased to concentrate on large office typewriters and bas seen its portable typewriter under increasing competition from cheap Japanese models. It also abandoned calculators and its acquisitions in the food industry bave proved dubious blessings.

With conglomerates out of favour in the stock market, the dissidents can argue that the two companies into which it considers splitting SCM might benefit sbareholders.

AMERICAN QUARTERLIES

ACQUITAINE OF CANADA

Third quarter	1980 C$	1979 C$
Revenue	81.6m	50.6m
Net profits	12.18m	7.37m
Net per share	0.56	0.34
Nine months		
Revenue	221.0m	190.0m
Net profits	38.75m	23.59m
Net per share	2.26	1.09

AMERICAN MAIZE PRODUCTS

Third quarter	1980 $	1979 $
Revenue	109.3m	96.7m
Net profits	4.92m	2.07m
Net per share	1.04	0.44
Year		
Revenue	308.5m	255.7m
Net profits	7.65m	4.61m
Net per share	1.82	0.98

AMSTED INDUSTRIES

Fourth quarter	1980 $	1979 $
Revenue	208.3m	215.1m
Net profits	9.55m	15.81m
Net per share	0.89	1.45
Year		
Revenue	914.9m	855.7m
Net profits	71.2m	63.4m
Net per share	6.60	5.88

ARROW ELECTRONICS

Third quarter	1980 $	1979 $
Revenue	87.3m	71.2m
Net profits	1.7m	1.57m
Net per share	0.77	0.71
Nine months		
Revenue	272.7m	188.0m
Net profits	8.35m	4.39m
Net per share	2.86	2.02

AVNET

First quarter	1980 $	1979 $
Revenue	321.9m	288.1m
Net profits	18.34m	16.07m
Net per share	1.16	1.03

COCA-COLA BOTTLING N.Y.

Third quarter	1980 $	1979 $
Revenue	125.5m	100.4m
Net profits	6.69m	4.19m
Net per share	0.34	0.22
Nine months		
Revenue	321.7m	270.5m
Net profits	9.91m	7.94m
Net per share	0.51	0.42

FABERGE

Third quarter	1980 $	1979 $
Revenue	83.6m	61.5m
Net profits	3.25m	3.27m
Net per share	0.63	0.59
Nine months		
Revenue	186.1m	180.1m
Net profits	6.32m	8.94m
Net per share	0.95	1.07

HAMPTON INDUSTRIES

Third quarter	1980 $	1979 $
Revenue	32.8m	27.8m
Net profits	1.33m	820,000
Net per share	0.87	0.41
Nine months		
Revenue	73.0m	69.3m
Net profits	2.18m	2.01m
Net per share	1.08	0.99

HARSCO

Third quarter	1980 $	1979 $
Revenue	249.0m	256.9m
Net profits	10.0m	13.8m
Net per share	0.99	1.37
Nine months		
Revenue	786.9m	678.3m
Net profits	34.3m	37.2m
Net per share	3.40	3.79

HUSKY OIL

Nine months	1980 C$	1979 C$
Revenue	838.8m	752.2m
Net profits	74.6m	57.2m
Net per share	0.95	0.74

KERR-McGEE

Third quarter	1980 $	1979 $
Revenue	893.9m	679.8m
Net profits	33.71m	42.58m
Net per share	1.30	1.64
Nine months		
Revenue	2.53bn	1.93bn
Net profits	130.43m	116.62m
Net per share	5.03	4.62

PITTSTON

Third quarter	1980 $	1979 $
Revenue	368.2m	328.3m
Net profits	14.95m	8.58m
Net per share	0.40	0.23
Nine months		
Revenue	1.43bn	1.19bn
Net profits	60.37m	47.65m
Net per share	1.61	1.27

RICHARDSON-MERRELL

First quarter	1980 $	1979 $
Revenue	367.0m	318.8m
Net profits	33.88m	30.78m
Net per share	1.43	1.30

SEIBELS BRUCE

Third quarter	1980 $	1979 $
Revenue	44.1m	39.3m
Net profits	2.23m	1.79m
Net per share	0.53	0.43
Nine months		
Revenue	133.9m	116.9m
Net profits	7.62m	7.17m
Net per share	1.80	1.70

SOUTHLAND CORPORATION

Third quarter	1980 $	1979 $
Revenue	1.3bn	1.05bn
Net profits	27.0m	24.5m
Net per share	1.17	1.14
Nine months		
Revenue	3.52bn	2.88bn
Net profits	57.7m	54.0m
Net per share	2.51	2.55

TEXTRON

Third quarter	1980 $	1979 $
Revenue	904.3m	801.3m
Net profits	37.8m	41.1m
Net per share	1.01	1.09
Nine months		
Revenue	2.7bn	2.5bn
Net profits	117.5m	126.1m
Net per share	3.16	3.35

UNITED ENERGY RESOURCES

Third quarter	1980 $	1979 $
Revenue	1.05bn	840.4m
Net profits	38.3m	33.7m
Net per share	1.49	1.35
Nine months		
Revenue	3.02bn	2.17bn
Net profits	117.1m	83.3m
Net per share	4.54	3.45

VARIAN ASSOCIATES

Fourth quarter	1980 $	1979 $
Revenue	173.0m	142.8m
Net profits	6.87m	8.28m
Net per share	0.81	0.83
Year		
Revenue	620.8m	493.0m
Net profits	21.2m	18.7m
Net per share	2.66	2.50

WALTER E. HELLER INTNL.

Third quarter	1980 $	1979 $
Revenue	164.6m	153.8m
Net profits	10.4m	10.3m
Net per share	0.87	0.87
Nine months		
Revenue	549.4m	431.7m
Net profits	31.6m	29.2m
Net per share	2.65	2.46

WASHINGTON POST

Third quarter	1980 $	1979 $
Revenue	152.5m	137.5m
Net profits	2.51m	8.16m
Net per share	0.18	0.40
Nine months		
Net profits	18.94m	14.78m
Net per share	1.35	0.93

WHITE CONSOLIDATED

Third quarter	1980 $	1979 $
Revenue	613.9m	510.5m
Net profits	12.6m	14.1m
Net per share	0.86	1.11
Nine months		
Net profits	36.2m	43.6m
Net per share	2.46	3.47

Downtown in Eurobonds slows

BY FRANCIS GHILES

THE TWO major sectors of the Euromarket suffered only slight losses yesterday compared to the deterioration witnessed on Monday and Tuesday. Straight dollar bonds fell ½ point on average while Deutsche Mark foreign bonds eased by ¼ point.

Morgan Guaranty's decision to raise its prime rate from 14 to 14½ per cent was widely anticipated by the market and had minimal effect on secondary market prices.

The Ford Motor Company 12⅞ per cent Eurobond to 1985 fell by ½ point to 95½-6 yesterday. The credit rating of the subordinated debt of Ford Motor, which reported a $595m tbird quater loss, was downgraded Tuesday by one of the leading U.S. rating agencies, Standard and Poors, on Tuesday, from a "AA" ranking to a "A" one.

Price of seasoned Deutsche Mark bonds bave fallen by more than 1 point since the beginning of the week and dealers reported that they are keeping a close watch on the New York bond market as yield differentials continue to widen between Deutsche Mark and dollar bonds. The 10-year Deutsche Mark issue for Venezuela which was launched last week with a coupon of 9½ per cent was quoted at a discount of 3½ to 3 yesterday while Dresdner Bank said that the DM 100m bond issue it was planning to launch last night for a European industrial company was now unlikely to be announced this week.

Two private placements are being arranged on the Swiss franc market. The Swiss Bank Corporation is arranging a SwFr 50m three-year issue for the Swedish Export Credit Corporation with a coupon of 6 per cent priced at par.

Meanwhile Kobori Yuken of Japan is coming to the market with a two-tranche issue lead managed by Credit Suisse. The first tranche is a SwFr 20m five-year straight issue with a coupon of 6 per cent. The second tranche is a SwFr 10m convertible issue with a coupon of 5¼ per cent for which the conversion premium has not yet been fixed. Both tranches carry the guarantee of Fuji Bank.

On the secondary market, prices of Swiss franc foreign bonds were essentially unchanged as the currency stabilised against the dollar.

The latest French franc issue, for Westland-Utrecht Hypotheekbank, was oversubscribed nearly three times and was quoted yesterday, its first day of trading, at 100½ by lead manager Credit Commercial de France. The coupon of 14 per cent and the five-year maturity attracted investors from France, Belgium and Switzerland.

The EUA 20m seven-year bond for the Danish electricity commission, Elsam, which has a 10 per cent coupon, has been priced by lead manager Kredietbank International Group at 99 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on October 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11¾ 88	100	92⅞	93	−0⅛	−2⅛	13.03
Citicorp O/S Fin. 10 86	300	86⅞	87⅜	−0⅛	−2	13.38
Citicorp O/S Fin 12 87	200	92⅞	93⅜	−0⅛	−1½	13.58
Con. Illinois O/S 9¾ 85	150	84⅞	85⅜	−0⅛	−3	13.72
Denmark 11¾ 90	100	91⅞	91⅞	−0⅛	−2	13.34
Dome Petroleum 13¾ 82	50	96⅞	96⅞	−0⅛	−4	14.11
EEC 11 95 (May)	75	86⅞	86⅞	0	−2	13.07
EEC 11 95 (Aug.)	70	85⅞	85⅞	0	−2⅛	13.25
EIB 13⅞ 90	100	99⅞	100⅛	−1⅛	−2⅛	13.73
Eksportfinans 9¾ 87	75	84⅞	85⅞	+0⅛	−1⅛	12.95
Elec. de France 10 86	125	86⅞	86⅞	−0⅛	−2⅛	12.81
Export Dev. Cpn. 12¾ 87	100	97⅞	98⅜	−0⅛	−2⅛	13.18
Export Dev. Cpn. 9¾ 86	150	86⅞	88⅛	−5⅛	−2⅛	13.26
Federal Dev. Bk. 12¾ 85	75	96⅞	96⅞	6	−2⅛	13.23
Fin. Exp. Credit 10½ 85	90	89⅞	90⅜	−0⅛	−1⅛	13.48
Finland Rep. of 9¾ 85	100	84⅞	85⅛	−0⅛	−1⅛	13.57
Ford O/S Fin. 12⅞ 85	250	95⅞	95⅞	−1⅛	−3	13.92
GMAC O/S Fin. 13¾ 85	100	99⅞	100⅛	−0⅛	−2⅛	13.35
GMAC O/S Fin. 12 87	100	92⅞	93	−0⅛	−2⅛	13.67
GMAC O/S Fin 11½ 87	100	92⅞	93⅜	−1⅛	−1⅛	13.38
Goodyear O/S 12½ 87	75	95⅞	95⅞	−0⅛	−2⅛	13.63
Hudson's Bay 11¾ 90	75	89⅞	90⅛	0	−2⅛	13.40
IBM Canada 10¾ 85	50	92⅞	93⅜	−0⅛	−2	12.49
Int. Harvester 12¾ 85	115	96⅞	97⅜	−0⅛	−1⅛	13.64
J. C. Penney Int 12½ 86	100	94⅞	94⅞	0	−1	13.86
McGraw 13¾ 85	75	97⅞	98⅜	−0⅛	−2⅛	14.10
NorWest Ind. 13¼ 87	80	97⅞	97⅞	−0⅛	−2	14.21
Nova Scotia 10¼ 90	50	85⅞	88	−0⅛	−2⅛	13.44
OKB 16 85	50	89⅞	90⅛	0	−1⅛	12.97
Pemex 11¾ 88	100	88⅞	89	−0⅛	−2⅛	13.94
Quebec Hydro 11¾ 92	100	88	88⅞	−0⅛	−2	13.53
Ropsteel O/S 11½ 88	100	84⅞	84⅞	+0⅛	−4⅛	15.03
Royfease 11¾ 85	50	93⅞	93⅞	0	−2⅛	13.20
BNCF 12¾ 85	150	97⅞	98⅜	−0⅛	−2⅛	12.89
Sweden 12¾ 85	150	96⅞	97	−0⅛	−2	13.30
Swed. Ex. Cred. 12¾ 86	140	96⅞	97⅜	−1⅛	−2	13.41
Swed. Ex. Cred. 12 83	50	96⅞	96⅞	−0⅛	−1⅛	13.60
Transamerica 12¾ 83	50	96⅞	96⅞	−0⅛	−1⅛	13.94
VER Overseas 13¾ 88	50	92⅞	93⅜	−0⅛	−0⅛	15.09
Unilever NV 9¾ 90	100	81⅞	82⅜	−0⅛	−2⅛	13.11
World Bank 9¾ 85	200	88⅞	89⅜	+0⅛	−2⅛	13.02
World Bank 10½ 87	300	88⅞	89	−0⅛	−1⅛	12.84

Average price changes... On day −0⅛ on week −2⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8¾ 90	250	95⅞	96⅛	−0⅛	−2	8.79
Austria Rep. of 8¾ 92	150	95⅞	96⅛	−0⅛	−0⅛	8.86
BFCE 7¾ 87	100	93	93⅞	+0⅛	−1⅛	9.13
BFCE 8¾ 95	100	93⅞	94⅛	+0⅛	−1⅛	8.84
CECA 7¾ 92	150	93⅞	93⅞	+0⅛	−0⅛	8.77
Cii-Honeywell 8¾ 90	125	95⅞	96⅛	+0⅛	−1⅛	8.98
Denmark 7¾ 86	100	95⅞	95⅞	+0⅛	−1⅛	8.16
Denmark 8¾ 92	100	96⅞	96⅞	+0⅛	−1⅛	8.74
EEC 7¾ 94	225	92⅞	93⅞	+0⅛	−0⅛	8.79
Finland, Rep. of 8 86	150	95⅞	96⅛	+0⅛	−0⅛	8.82
Iberduero SA 8 90	100	97⅞	98	−0⅛	−1⅛	8.37
Japan Dev. Bk. 7¾ 87	100	93⅞	94⅛	+0⅛	−0⅛	8.82
Kobe, City of 8 90	100	95⅞	95⅞	−0⅛	−1⅛	8.70
Mt. Bk. Denmark 8¾ 90	150	95⅞	96⅛	−0⅛	−1⅛	9.17
Norway 7¾ 85	250	94⅞	95	−0⅛	−2⅛	8.08
Nuclebras 9¾ 88	100	94⅞	95⅛	−0⅛	−2	10.69
OKB 8¾ 92	150	94⅞	95⅞	−0⅛	−1⅛	8.89
Oslo, City of 8¾ 90	80	99⅞	100⅛	0	+0⅛	8.74
Sweden 9¾ 87	200	101⅞	102⅛	0	−1⅛	8.30
World Bank 8 90	700	93⅞	94⅛	0	−2	8.92
World Bank 7¾ 90	250	92⅞	93⅛	+0⅛	−1	8.06
World Bank 10 86	150	103⅞	104⅛	−0⅛	−1⅛	9.02
World Bank 10 90	200	107⅞	107⅞	−0⅛	−0⅛	8.79

Average price changes... On day 0 on week −1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5¾ 90	100	99⅞	99⅞	0	−0⅛	5.47
Bayer Int. Fin. 5¾ 92	100	98⅞	99⅛	+0⅛	−0⅛	8.29
Bergen, City of 8 90	50	101⅞	102⅛	−0⅛	−0⅛	5.72
BMW Overseas 4¾ 91	100	89⅞	89⅞	+0⅛	0	5.57
Buhrm'n-Tetterode 7 90	40	105⅞	106⅛	+0⅛	+0⅛	8.14
Copenhagen Tele. 5¾ 90	50	95⅞	96⅛	+0⅛	0	6.36
Denmark 5¾ 90	80	97⅞	97⅞	−0⅛	−0⅛	6.09
EIB 4¾ 94	100	†84⅞	86	0	−0⅛	6.03
Elec. de France 5¾ 90	100	98⅞	98⅞	+0⅛	+0⅛	5.41
Eurofima 5¾ 92	50	102⅞	102⅞	+0⅛	+0⅛	5.48
F. G. H. Hypo Bk. 6 90	50	†102⅞	103⅛	−0⅛	−0⅛	5.58
Finland Rep. of 5¾ 90	80	94⅞	95	+0⅛	+0⅛	6.34
GZB 4¾ 89	100	†87⅞	88⅛	−0⅛	+0⅛	[illegible]
Int.-Amer. Dev. 7 90	80	104⅞	104⅞	+0⅛	−0⅛	6.36
Japan Dev. Bk. 5¾ 90	100	101	101⅛	+0⅛	+0⅛	5.60
Jutland Tele. 5¾ 90	50	95⅞	96⅛	−0⅛	−0⅛	6.03
Mt. Blanc Tunnel 5¾ 90	50	89	89⅞	0	−5⅛	5.62
Noweg 5¾ 90	80	100⅞	100⅞	0	−0⅛	5.69
Nippon Tel. & T. 4¾ 88	100	92⅞	93⅛	+0⅛	−0⅛	5.25
Norges Komm. 4¾ 81	100	†89	89⅞	+1⅛	+0⅛	5.74
OKB 4¾ 91	100	86⅞	87⅞	−0⅛	+0⅛	6.03
OKB 6 90	100	101⅞	102	+0⅛	+0⅛	5.73
Oslo, City of 4¾ 91	100	87⅞	87⅞	−0⅛	−0⅛	6.94
Oslo, City of 5¾ 90	80	99⅞	100⅛	0	+0⅛	5.87
Philips Lamps 5¾ 92	100	98⅞	99⅛	+0⅛	−0⅛	5.44
Sekisui Pre. Hms. 6 90	80	†101⅞	101⅞	+0⅛	−0⅛	5.77
Shikoku El. Pwr. 4¾ 89	100	91⅞	92	−0⅛	−0⅛	6.96
Trade Dev. Fin. 6¾ 80	50	97⅞	98	−0⅛	−0⅛	6.44
Voest-Alpine 5¾ 90	50	94⅞	95⅛	−0⅛	−0⅛	6.44
World Bank 4¾ 89	150	89	89⅞	+0⅛	+0⅛	5.98

Average price changes... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	90⅞	92⅛	0	−0⅛	8.88
Australia 6¾ 88	20	87⅞	88⅛	0	+0⅛	8.77
EIB 7¾ 89	12	95	96⅛	0	−0⅛	8.44
Finland 5.6 83	10	90⅞	91⅞	+0⅛	−0⅛	8.24
Finland 8.5 88	10	86⅞	87⅞	0	−0⅛	9.30
Finland, Rep. of 8¾ 87	15	95⅞	96⅛	0	−0⅛	9.22

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 85 C$	60	93⅞	93⅞	−0⅛	−1	12.35
CIBC 13¾ 85 C$	50	†98	98⅞	−0⅛	−1⅛	13.94
CIBC 11¾ 85 C$	60	†93⅞	94⅛	−1⅛	−1⅛	13.29
Federal Dev. 11¾ 90 C$	60	†87⅞	88⅛	−1⅛	−2	13.79
Fst. Can. Inv. 10 84 C$	50	†89⅞	90⅛	−1⅛	−1⅛	13.74
R. Bk. Canada 10 86 C$	40	94⅞	95⅛	−0⅛	−0⅛	11.89
Tordom Cpn. 13¾ 85 C$	30	†98⅞	99	−0⅛	−1⅛	13.86
M. Bk. Dnmk. 9 81 EUA	25	94	95⅞	0	+0⅛	9.51
SOFTE 8¾ 89 EUA	40	89⅞	90⅛	0	+0⅛	10.07
U. Bk. Nrwy 9¾ 90 EUA	18	88⅞	89⅞	−0⅛	−0⅛	9.67
Algemene Bk. 10¾ 87 Fl	400	99⅞	100⅛	0	−0⅛	10.25
Bk. Mees & H. 10 85 Fl	75	99⅞	100⅛	−0⅛	−1⅛	9.94
F. G. Hypo 9¾ 87 Fl	60	86⅞	87	+0⅛	−0⅛	10.42
Heineken NV 10 87 Fl	75	97⅞	97⅞	0	−1⅛	10.54
Nat. Inv. Bk. 10 87 Fl	75	98	98⅞	−0⅛	−0⅛	10.35
Nat. Nedar 9¾ 87 Fl	80	96	96⅞	+0⅛	−0⅛	10.23
Nedar Mdn Bk 10 85 Fl	75	101⅞	101⅞	+0⅛	−1	9.55
Aero Paris 13¾ 87 FFr	190	96⅞	97⅞	0	−0⅛	13.89
CECA 14¾ 88 FFr	150	101⅞	102⅛	0	−0⅛	13.54
Finland 11 84 FFr	80	81⅞	82⅛	0	−0⅛	13.83
Finland 11¾ 89 FFr	70	86⅞	87⅞	0	−2⅛	14.14
Gaz de France 11 94 FFr	150	93⅞	94⅛	0	+0⅛	13.15
IBM France 11¾ 94 FFr	120	93⅞	94⅞	+0⅛	+0⅛	13.74
Renault 9¾ 85 FFr	100	85⅞	86⅞	0	+0⅛	14.10
Solvay et Cie 9¾ 87 FFr	125	80⅞	81⅞	−0⅛	−1⅛	14.38
Utd. Mex Sts 14 85 FFr	150	98⅞	99⅞	0	−0⅛	14.24
Beneficial Fin. 14¾ 90 £	20	99⅞	100⅞	−0⅛	+0⅛	14.23
BNP 13¾ 91 £	15	97⅞	98⅞	−0⅛	−0⅛	13.85
CECA 13¾ 86 £	20	88	88⅞	0	0	13.87
Citicorp O/S 13¾ 90 £	50	98⅞	98⅞	−0⅛	+0⅛	13.75
Fin. for Ind. 14¾ 88 £	20	100⅞	101⅞	−0⅛	−0⅛	14.22
Fin. for Ind. 13¾ 87 £	20	99	99⅞	−0⅛	−0⅛	13.91
Gen. Elec. Co. 12¾ 89 £	50	85⅞	86⅞	0	+0⅛	13.28
Peugeot SA 14 90 £	23	99⅞	99⅞	−0⅛	+0⅛	14.06
Rothschild 14¾ 90 £	12	99⅞	100⅞	−0⅛	+0⅛	14.22
Swed. Ex. Cr. 15¾ 85 £	20	103⅞	104⅞	−0⅛	−0⅛	13.91
Banobras 8¾ 90 KD	7	†90⅞	91⅞	0	0	9.75
CCCE 8¾ 91 KD	10	†95⅞	96⅞	0	0	10.26
Sonatrach 8¾ 90 KD	12	†91⅞	91⅞	0	0	9.89
Akzo 9¾ 87 LuxFr	500	92⅞	93⅞	−0⅛	−0⅛	10.81
Euratom 9¾ 88 LuxFr	500	96⅞	97⅞	0	−0⅛	10.40
Eurofima 10¾ 87 LuxFr	500	97⅞	98⅞	0	−0⅛	[illegible]
EIB 9¾ 88 LuxFr	600	87	88	−0⅛	−0⅛	10.20
Volvo 9¾ 87 LuxFr	500	94	95	0	0	10.90

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅛	2/1	10.44	10.68
Bank of Ireland 5¼ 89	‡0¼	97¾	98¼	21/11	11⅞	11.81
Bank of Tokyo 5¼ 88	‡0¼	97¾	98¼	25/10	8⅞	8.45
Barclays O/S Inv 5 90	0¼	87¾	88	13/12	8⅞	8.85
Bergen Bk. A/S 5 89	0¼	97¾	98¼	29/12	12⅞	12.50
Bilbao Int. N/V 5¼ 90	0¼	97¾	98¼	29/11	10.06	10.28
Citicorp O/S F. 83	‡10	98¾	99¼	23/11	11.44	11.91
Citicorp O/S F. 84	‡0	99¼	99¾	30/10	13⅛	13.19
C. Itoh 5¼ 87	0¼	98¼	98¾	18/3	12⅞	13.09
Co-operative Bk. 6 85	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5¼ 91	‡10¼	97¾	98¼	14/12	12.06	12.32
CNT 5¼ 86	‡0¼	98¼	98¾	13/4	13⅛	13.40
GZB 5¼ 89	‡0¼	97¾	98¼	1/11	9.81	10.00
Jugobanka 8 89	0¼	91¼	93½	23/11	11⅛	12.60
Ind. Bank Japan 5¼ 87	0¼	98¼	99¼	15/4	13.31	13.48
Ind. Bank Japan 5¼ 88	0¼	98	98½	8/4	13⅛	13.36
Lloyds Eurofin 8 90 £	0¼	96¼	96¾	3/1	15⅞	16.32
LTCB Japan 5¼ 86	0¼	98¼	98¾	13/12	9⅞	9.76
GZB 5¼ 89	0¼	97¾	98¼	30/11	12⅛	12.37
Midland Intl. Fin. 5 88	0¼	97¾	98¼	20/12	9⅞	9.66
Midland Intl. Fin. 5¼ 92	0¼	97½	98	5/12	10⅞	11.13
Nacional Fin. 6¼ 86	‡0¼	97¾	97¾	25/1	9.69	9.82
Nat. West 5¼ 94	0¼	97½	98	11/4	13⅛	13.55
Nat West 5¼ 92	0¼	97½	98½	23/4	5⅛	5.36
Nippon Credit 6¼ 86	‡0¼	97¼	97¾	12/1	9.56	9.82
Nippon Credit 5¼ 87	‡10¼	98¼	99¼	8/11	10⅞	11.00
Royal Bk. Scot. 5¼ 94	‡0¼	98¼	98¾	11/1	13⅛	13.43
Soc. C. de Bqua. 6¼ 87	0¼	98	98½	3/4	14	14.25
Standard Chart. 5¼ 90	0¼	98	98½	6/3	12.06	12.28
Svenska Hndlsbk. 5 87	0¼	97¾	98¼	16/1	10	10.19
Sweden 91	‡0¼	97¼	98	16/12	8⅞	8.84
So. Ext. d'Alg. 4¾ 89 SF	0¼	†89	90			

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7¾ 95	2/80	815.6	122	123¼	+1¼	−2.96
Blocker Energy 8¾ 95	1/81	21.87	117¼	118½	+0¼	−4.07
Credit Suisse 4¾ 93	10/79	1278	116¼	117¼	−2	−2.51
OOKK 11 90	4/80	324	105	106	+1	16.47
Olgicon Fin. 8½ 85	10/81	29.6	100¼	101½	+0¼	2.24
Dynolectron 9½ 95	8/80	12.22	127	128	+1¼	−4.12
Ensearch Fin. 8¾ 94	7/80	30.25	148	149¼	0	−2.77
Hanson O/S Fin. 9½ 95	1/81	1.92	98¼	99¼	+0¼	−1.19
Hutfy Int. Fin. 8¾ 95	12/80	23.25	93¼	94¼	−0¼	41.38
INA Overseas 8¼ 2000	4/81	42	100	101	+0¼	7.87
Inchcape Ltd. 8 95	2/81	4.55	106¼	107¼	−0¼	−3.77
JACCS 7¾ 95	11/96	585	101⅞	102⅞	+0¼	2.69
Marion Int. Fin. 9 95	12/80	23.75	102⅞	103⅞	+3¼	2.80
Matsushita Elec. 7¾ 95	11/80	649	99⅞	100⅞	+0¼	8.72
MEPC 8¾ 96	2/81	2.47	103⅞	104⅞	−0½	3.93
Nissho Iwai Co. 8 96	10/80	398	100¼	101¼	+1¼	1.04
Ricoh 6¾ 95	8/80	604	104	105	+2¼	2.82
SBC 6¾ 90	9/80	200	98¼	100	+0¼	7.92
Taylor Woodrow 9¾ 90	1/81	4.94	97¼	98¼	+0¼	3.28
Tricorp 8¼ 95	12/80	31.25	102	103	+1	20.31
Union Bk. Switz. 5 89	2/80	121.4	84¼	86¼	+1	−5.02
Fujitsu 5 84 DM	7/79	476	127	128	+2¼	6.86
Sharp Corp. 6½ 88 DM	6/80	595	†128¼	129¼	+6¼	2.33
Uny Co. 6¾ 85 DM	11/79	1071	98¼	99¼	+0¼	13.91

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Why Morgan is known as the most professional manager of international syndications

Member, FDIC. Incorporated with limited liability in the U.S.A.

Specialists in Morgan's syndications group consult regularly on developments in international financings. Meeting in London are, from left, Stephen Holcomb and Felicia Wai from Hong Kong and, from London, Patrick Fearon, James Fuschetti, Mary Gibbons, who heads the group, Michael Waterhouse, and Ralph Bunche Jr.

When a multinational corporation, a government, or a government agency seeks international financing, it expects the lead bank to act with discretion, innovation, and speed. The market calls these qualities professionalism, and in the market Morgan Guaranty is widely known as the most professional manager of bank loan syndications.

The Morgan Bank's international lending specialists earned this reputation managing or co-managing some 225 multibank loans, totalling more than $60 billion, over the past five years.

Benefits for lenders

Banks that participate in large international loans value Morgan's feel of the total market, formed by continuous communication among our experts based in London, Paris, Hong Kong, and New York. These banks like our skill in shaping and managing a financing and our thoroughness in preparing loan documentation.

Benefits for borrowers

Our standing among international lenders is especially important to the borrower. Putting together a major financing requires not only knowledge of the sources of funds, but access to them and keen judgement in choosing among them.

That keen judgement is another plus for borrowers. It ensures that terms, maturity, and options will be tailored to the purpose of the loan and to market conditions.

Morgan's syndication specialists span the world's money centres with a compact, fast-moving team. They can give the borrower speedy decisions at each step in the negotiation of a complex deal.

Their professionalism has helped clients meet a wide range of credit needs. Short-term capital loans to finance trade. Medium-term revolving credits for corporations or for countries with development needs. Longer-term financing for projects which generate funds for repayment. We provide these for governments, state-owned corporations, nationalised industries, central banks, and many of the world's largest companies.

Call any Morgan office

To find out how we might serve you, consult a Morgan syndication specialist through any of our offices, worldwide.

Morgan Guaranty Trust Company of New York. In London: Morgan House, 1 Angel Court (EC2R 7AE); 31 Berkeley Square (W1X 6EA). Offices in key financial centres around the world.

The Morgan Bank

Finmeccanica cuts losses but needs fresh capital

BY RUPERT CORNWELL IN ROME

FINMECCANICA, the engineering and motor industry holding company of the state-owned IRI group, yesterday reported losses of L130bn ($200m) for the year ended June 30, down from a deficit of L230bn.

The latest poor financial performance, however, means that IRI, in long-standing difficulties itself, will have to commit almost L600bn of fresh funds to it. Finmeccanica's capital will be written down to L220bn from the level of L400bn to cover the loss and subsequently lifted to L800bn.

The main problem of Finmeccanica, like many other companies in the public sector in Italy, is its inabilty to self-finance its activities. In its latest report, IRI says that investments by its subsidiary were only 7.8 per cent covered by internal resources. As a result, Finmeccanica has had to indulge in heavy bank borrowing at prohibitive rates of interest to meet its capital spending programmes.

The losses by the concern stem largely from Alfa Romeo, its car manufacturing subsidiary, which has just signed its controversial joint venture in southern Italy with Nissan of Japan. Alfa lost L89bn ($100m) in the latest financial year, while Finmeccanica's aerospace and diesel divisions were also in the red.

On the sales front, Finmeccanica is faring better. First-half calendar 1980 turnover jumped almost 32 per cent to L1,792bn ($2bn), while orders climbed by almost a third to L2,090bn. The improvements were most visible in the diesel sector which after a 1979 reorganisation, more than doubled its sales to L61bn.

Meanwhile IRI's enormous financial difficulties have been underlined by the release of its 1979 figures which show an overall deficit of L1,346bn ($1.5bn), and a jump in total indebtedness by the end of last year to L23,200bn), 15 per cent higher than 12 months earlier.

The results underline the extent to which the conglomerate, which controls some 515 companies, is trapped between the need to perform on an economic basis, and its social obligations as a state enterprise in the fields of employment and of shifting resources to the depressed south. They also illustrate its ever-growing reliance on bank borrowing to meet its capital requirements.

IRI group sales rost last year to L18,147bn from L15,952bn. The biggest losses came in the steel sector, the telephone division (wherer SIP, the main operating company, lost L485bn in 1 979), at Finmeccanica, and at Fincantieri, IRI's shipbuilding sector.

Car slump puts SEV into red

BY TERRY DODSWORTH IN PARIS

THE SLUMP in the French and European motor industries pushed Societe pour l'Equipement de Vehicules (SEV), the French electrical components group, into the red during the first six months of this year.

The company says the FFr 29.4m ($6.8m) net consolidated deficit was the result of declining activity in the industry, the increasing rate of inflation and the rise in interest rates.

It adds that it is also suffering from stagnation in prices and a decline in overseas competitiveness because of the relative strength of the franc.

For the same period last year, the company reported a profit of FFr 22.4m.

The decline in motor sector activity is reflected in the group's turnover, which rose by only 7.7 per cent to FFr 1.54bn in the first half. This means, the company stresses, that sales volume has fallen, mainly in the second quarter when there was a high rate of de-stocking in the vehicle manufacturing industry in France and overseas.

SEV forecasts that its business will continue to stagnate in the second half of this year. It is predicting an overall turnover increase of only about 4 per cent for the full year. It has taken a number of measures to reduce costs, including lay-offs and redundancies.

These moves, however, are unlikely to be sufficient to allow the company to make a profit this year. SEV estimates that the consolidated deficit may be more than 2 per cent of turnover.

The SEV French parent company announced simultaneously that its profits in the first half rose to FFr 17.1m against FFr 10.5m a year earlier. But the company points out that these results reflect dividends from affiliates on their satisfactory results for the 1979 financial year.

Two major investments postponed by Estel

By Charles Batchelor in Amsterdam

THE DUTCH steel group, Estel, has been forced to postpone two major investment projects worth nearly Fl 850m ($418m) at its Dutch and German operating companies.

Estel hasshelved indefinitely a Fl 250m modernisation of a rolling mill at Ijmuiden on the Dutch coast and a DM 550m plan to build an oxygen steel plant at Dortmund to replace three existing furnaces.

The company, which claims to have among the most modern steel-making plant in Europe, is also holding talks with the Dutch Government over the possibility of state aid. This might take the form of soft loans or subsidised energy costs.

Estel had originally planned to start work this year on renewing a coil box in one of the two rolling mills at Ijmuiden. This would have allowed it to make heavier coils which is the end of the market where demand is being maintained.

The second rolling mill, with capacity of 3m tonnes a year, is already able to make heavy coils.

The new oxygen steel plant at Dortmund is still in the planning stage but Estel had originally planned to begin construction this year.

This plant will eventually replace three Siemans-Martin furnaces and at the same time reduce capacity from 3m to 2m tonnes.

Estel denied reports that the decision to delay the new plant was connected with talks it is holding with the Krupp Stahl over joint ventures and co-operation on overlapping production and deliveries. Those talks have not yet produced any concrete results, Estel said.

It now expects to produce only 5m tonnes of steel at Ijmuiden this year compared with the original estimate of 5.8m tonnes. It has put 2,800 of its workforce on short-time working. They will put in 25 per cent fewer hours than normal over a six-week period.

Similar cuts have been made in Dortmund where expected production has now been revised downwards to 5.2m tonnes from 5.5m.

Estel earlier reported a pre-tax loss of Fl 115m in the first half of 1980 more than double the Fl 55m loss in the same period of 1979. Sales rose 13 per cent in the half-year to Fl 7bn.

The worsening performance of the company was entirely due to its steel-making division which is heavily in the red.

Belgian glassmaker sees sharp downturn in profits

BY OUR FINANCIAL STAFF

SHARPLY LOWER profits are forecast for 1980 by Glaceries de St. Roch, the second largest glassmaker in Belgium in which the Saint Gobain group of France has a major shareholding.

The company said yesterday in a nine-month report to shareholders that its results had been far from satisfactory. Largely as a result of the depression in the European car market, the final three months of 1980 were going to show a sharp deterioration.

Until the end of September, Glaceries' overall result "was still positive," with benefit from the company's participation in Vereinigte Glaswerke of Germany outweighing negative results in the window and double-glazing divisions.

However, Glaceries pointed to the way margins were coming under increasing pressure in the final quarter, and reminded shareholders that the 1979 results were "favourably affected" by funds realised from the sale of a shareholding. Turnover in the nine months rose 15 per cent to BFr 6.42bn.

Saint Gobain has a 47 per cent shareholding.

Lafarge increases earnings

By Our Paris Staff

LAFARGE, THE rapidly expanding French cement group, increased consolidated net profits in the first half of the year by 31 per cent from FFr 105m to FFr 137.8m ($32m). Turnover rose by 22.6 per cent to FFr 4.5bn.

Its French subsidiary, Ciments Lafarge France, also announced a big rise in net profits for the six months—from FFr 52.2m to FFr 75.7m. This was reached after a depreciation of FFr 80.9m and provisions of FFr 24m. It followed an increase in volume of about 9 per cent.

Lafarge is currently going through a epriod of vigorous expansion and transformation, having sold its packaging interests, Lafarge Emballage to Cellulose du Pin.

It recently reorganised its plaster subsidiary, in a collaborative deal with National Gypsum of the U.S., designed to create the leading European business in this sector. At the saem time, it is diversifying into the bio-chemical industry with the takeover of the Belgian Coppee concern, in a deal valued at FFr 192m.

The company whose French cement operation last year had revenues of FFr 2.85bn, has a 40 per cent share of the Canadian market. But Canada Cement Lafarge's U.S. subsidiary, Citadel Cement Corporation suffered a $1m loss last year and is now undergoing reorganisation.

CIT-Alcatel nears second U.S. components deal

BY DAVID WHITE IN PARIS

CIT-ALCATEL, the electronics arm of the French CGE group, is on the point of concluding a second agreement with a U.S. componets maufacturer to reinforce its interests in specialised micro-circuits.

The group said negotiations on the deal were at an advanced stage. The deal comes after the purchase last month of a 25 per cent stake in Semi Process, the first time that a French group had taken a direct shareholding in a company in California's silicon valley. Semi Process specialises in two types of component technology with specific military, telecommunications and computer terminal applications.

The French company has earmarked $1.5bn for acquisitions, investment and research in fields outside public telecommunications between 1980 and 1983.

The CIT-Alcatel parent company, representing the group's traditional telephone and other public telecommunications interests which account for about half of total turnover, suffered a further profit setback in the first half of this year. Net income dropped to FFr 30.4m ($7.1m) from FFr 38.5m in the same period last year. Sales were FFr 1.76bn compared with FFr 1.6bn in the first half of 1979.

A more positive trend is expected for the group as a whole, with sales for the year forecast to increase by 20 per cent after the takeover of Roneo Vickers' office equipment interests, which will be included in the second half year's accounts.

Spanish bank has licence revoked

By Robert Graham in Madrid

THE BANK OF SPAIN has revoked the licence of Banco del Pais, a small commercial bank, after alleged failure to comply with bank legislation. The bank was founded in 1975 and was due, after a statutory five-year period, to have its provisional licence replaced by a definitive licence.

This is the first time that the Bank of Spain has taken such action and its officials said that a number of alleged irregularities had been discovered in the Banco del Pais' operations.

The bank has a capital of Pta 800m ($10.8m) and reserves of Pta 1.12bn ($15m). Officials said that there was no question of insolvency and depositors were covered. In August the bank held Pta 537m in deposits.

Recovery for Uddeholm

BY WESTERLY CHRISTNER IN STOCKHOLM

UDDEHOLM, the Swedish special steels and power group, reports net earnings of SKr 55m ($13m) for the first eight months of 1980 but for the year as a whole expects to return a profit "somewhat below" this level.

Sales up to the end of August were 14 per cent ahead at SKr 2.33bn. Demand in North America and certain other key markets has subsequently slackened, however, and the recovery shown by Uddeholm in the first eight months is not likely to be maintained.

For 1979 the group returned SKr 3m at the pre-tax level, a result which included stock profits of SKr 179m. Sales last year totalled SKr 3.3bn.

No 1980 turnover prediction is given. Steel sales for the eight months amounted to SKr 2.16bn, against SKr 1.9bn. Power sales were SKr 167m compared to SKr 125m.

Link for Swedish lines

BY OUR STOCKHOLM STAFF

BROSTRÖM and Transatlantic, two Swedish shipping companies, are expected to announce a pooling of liner services early next month. It was revealed yesterday. Although neither company is yet willing to give details on the exact form of their proposed co-operation.

Both companies, which already participate in the Atlantic Container Line Consortium, Tor Lloyd and product tanker operations, held separate presentations in oGthenburg. The planned venture has been dubbed "Project Fenix."

Broström's eight-month results were also discussed yesterday by the board.

"I will be in a position to comment on the plan on November 7," said Mr. B. G. Nilson, deputy managing director of Broström's bulk and trade division, referring to the special board meetings the companies will hold on that day to finalise the Fenix project.

What has not yet been d isclosed is whether the two shipping groups will form a joint company for this purpose or find another form of co-operation which could include a conventional tonnage pool.

EUROPEAN OPTIONS EXCHANGE

Series		Dec. Vol.	Dec. Last	Mar. Vol.	Mar. Last	June Vol.	June Last	Stock
GM C	$50	0	2¾	—	—	—	—	$49⅛
		Jan.		April		July		
ABN C	F.300	2	4	4	10	—	—	F.290
ABN C	F.320	5	1.60	4	3	—	—	
AKZO C	F.20	14	0.90	20	1.60	10	1.90	F.19.40
AKZO P	F.20	—	—	3	1.80	—	—	"
AKZO P	F.22.50	40	3.40	—	—	—	—	"
AMRO C	F.60	9	4	—	—	—	—	
AMRO C	F.65	10	1.50	—	—	—	—	F.61.90
AMRO C	F.70	—	—	2	0.70	—	—	"
HEIN C	F.35	3	0.90	22	2	—	—	F.50.80
HEIN C	F.50	5	2	—	—	—	—	
HOOG C	F.15	—	—	4	0.80	—	—	F.15.60
IBM C	$55	1	12	—	—	—	—	
IBM C	$60	2	4⅞	—	—	—	—	$57¼
IBM C	$70	26	2½	10	4⅛	1	5⅛	"
IBM P	$65	20	2⅜	—	—	—	—	"
KLM C	F.60	18	3.70	1	4.50	—	—	"
KLM C	F.70	30	0.40	—	—	—	—	F.58
KLM C	F.35	9	3.30	1	5.80	—	—	"
KLM P	F.60	20	6.20A	—	—	—	—	"
NATN C	F.120	15	2.40	—	—	—	—	
NATN C	F.110	2	1.30	—	—	—	—	F.116.50
NATN P	F.120	4	4.80	—	—	—	—	"
PETR C	Fr.4500	1	1150	—	—	—	—	"
PETR P	Fr.5000	3	730	—	—	—	—	Fr.5530
PETR P	Fr.5500	3	325	—	—	—	—	"
PHIL C	F.15	—	—	20	2	1	2.10	"
PHIL C	F.17.50	—	—	107	0.60A	—	—	F.16.60
PHIL C	F.20	7	0.20	—	—	—	—	"
PHIL P	F.17.50	180	1.50	—	—	—	—	"
PHIL P	F.20	6	3.80	—	—	—	—	"
OLIE C	F.170	25	37	—	—	—	—	F.205.70
OLIE C	F.180	32	27 A	0	30.80	—	—	"
OLIE C	F.190	200	19.50	22	22	—	—	"
OLIO C	F.200	227	16.40 A	207	16.50	26	10.80	"
OLIE C	F.220	709	6.40	364	8.80	38	10.10	"
OLIE P	F.160	160	25	0.20	—	—	—	"
OLIE P	F.180	10	0.40	—	—	—	—	"
OLIE P	F.190	257	1.20	5	0.60	—	—	"
OLIE P	F.200	27	2.40	7	4.70	45	2	"
OLIE P	F.230	110	6 A	136	8.20	10	11.60	"
UNIL C	F.130	20	16.50	5	18.60	—	—	"
UNIL C	F.120	—	—	—	—	—	—	
UNIL C	F.130	—	—	—	—	1	8.50	F.124.02
UNIL C	F.120	1	1.60	1	2.10	5	2.60	"
UNIL P	P.130	—	—	—	—	—	—	"
EXON C	$80	—	—	—	—	1	11.50	$75⅞
XERO C	$60	6	7⅛	10	4½	—	—	$64⅝
		Nov.		Fab.		May		
BOEI C	$40	10	⅛	—	—	—	—	
OCCI C	$30	—	—	—	—	—	—	$35½
OCCI P	F.35	—	—	3	4	—	—	33⅞
SLUM C	$110	—	—	3	1¼	—	—	
SLY C	$80	3	29½	6	10	5	15	$109½
SLY C	$38⅛	—	—	3	19	—	—	"
SLY C	$100	7	10¼	2	10½	—	—	"

TOTAL VOLUME IN CONTRACTS 5504

C=Call P=Put

INTERNATIONAL COMPANIES and FINANCE

JARDINE MATHESON—HONGKONG LAND

Closer ties come in HK $764m deal

BY OUR HONG KONG CORRESPONDENT

JARDINE MATHESON has issued 25m new shares, oc about 10 per cent of issued capital, to Hongkong Land for HK$ 30.55 a share in casb, or a total of some HK$ 764m (U.S.$ 155m). The price is an average of Jardine's closing prices on the Hong Kong Stock Exchange tbia week.

The transaction ties the two companies more closely together, and follows several other stock shuffles by Jardine to protect both it and Land from the kind of situation faced when the shipping magnate. Sir Yue-Kong Pao wrested control of Hongkong and Kowloon Wharf away from Hongkong Land, with a quick raid on the stock in June, made in answer to a hid by Land. In the deal, Sir Yue-Kong interests raised their stake in Wharf from 30 per cent to 49 per cent at a cost of ovec HK$ 2bn.

The chairman of Jardine, Mr. David Newhigging, revealed that Hongkong Land has bougbt an estimated 5 per cent of Jardine on the market since the beginning of Septemher, which holps to explain the sharp upward movemeot in Jardine's share price on the market recently. Land now holds about 15 pec cent of Jardine, and Jardine, in turn, owns about one-third of Land.

Public companies in Hong Kong ara permitted to issue 10 per cent additional capital a year without the approval of shareboIders, if they renew a mandate to do so at the annual general meeting.

Mr. Newbigging yesterday declined to give a direct answer to the question of whether he was satisfied that both Jardine and Land were protected against takeover attempts, but said: "In terms of Jardine, at least we know where another 10 per cent of our equity bas gone." At the same time, Sir John Keswick, whose family is Jardine's largest shareholder, predicted that the transaction would result in a more stable market for the sbares of both companies and would dampen speculation on the entire Hong Kong Stock Market.

Jardine plans to use the money it has raised in the transaction to finance an extensive capital programme, principally in Hong Kong, but Mr. Newbigging gave no details other than to say the money would be spread throughout the group's divisions.

At current market levels, Hongkong Land has a price earnings multiple of about 30 and a dividend yield of barely over 2 per cent, while Jardine's p/e ratio is about 15 and its yield just under 3 per cent. Mr. Newbigging said the issue of new shares would only dilute Jardine's earnings in 1981 by about 1 cent a sbare, and, speaking for Land, where he is also chairman, he noted that the Jardine shares were much higher-yielding than the Hongkong and Kowloon Wharf shares, which Land sold to Sir Yne-Kong in June for HK$1bn, part of which has now been used to buy the Jardine shares.

In September, Jardine turned over HK$1.19bn of assets to Land in exchange for 64.48m new Land shares, and earlier this month it announced a HK$1bn rights issue of convertible loan stock to pay off bank debts incurred in buying more Land shares on the market in the past year.

Hongkong Bank contract

BY OUR HONG KONG CORRESPONDENT

A SUBSIDIARY of a small Hoog Kong building contractor is a joint venture partner in a company which beat six others for an interim agreement to redevelop the head office of the Hong Kong and Shangbai Banking Corporation.

The Sun Company announced yesterday that its wholly-owned subsidiary, John Lok and Partners, has teamed up in the joint-venture company with George Wimpey International, which has been appointed management contractor in the agreemeot.

The bank announced earlier this year that it would redevelop its prestigious building in the central business district and there has since been much speculation on which company would handle the work.

Strong gain in first-half at OK Bazaars

By Jim Jones in Johannesburg

OK BAZAARS, one of South Africa's largest retail groups, and a 72 per cent-owned subsidiary of South African Breweries, gained strongly from the country's consumer spending boom in the six montbs to September 30. First-balf pre-tax profits were 53 pec cent ahead at R14.4m ($19.21m) compared to R9.4m in the same period last year and R32.4m foc the full year to March, 1980.

Turnover at the interim stage was R468.9m ($624.42m) against R331.0m for the 1979 period and R762.4m for the full year.

An loterim dividend of 35 cents has been declared from first-half earnings of 69.4 cents a share. Last year an interim dividend of 23 cents was paid from first-half earnings of 45 cents, and the tbe full year the total dividend was 85 cents and earnings 159.1 cents.

In line with the pattern recently eslablisbed by other companies in the South African Breweries group, the board warned that, although a cootinuing strong sales trend is expected during the second half, second-half earnings growth may not match that of the first half. However, substantially higher earoings are expected for the full financial year, and management is not so fearful of the future that it is planning to scale down the programme of new store openings.

In the last annual report, Mr. R. J. Goss, the chairman, then said that although South Africa had seen an over expansion of retail facilities recently OK's strong representation in the growing lower and middle income markets left the company less vulnerable than others to an extended levelling off in consumer demand.

Ten-fold profit rise for Nippon Oil at mid-year

BY CHARLES SMITH IN TOKYO

JAPAN'S LARGEST oil company, Nippon Oil, iocreased its parent company sales by 58 per cent to Y1,610bn ($7.5bn) in the six months ended September 30, as a result of a sharp increase in prices of oil products.

Operating profits rose more than ten-fold from Y6.8bn to Y75bn ($352m) hecause of higher domestic prices and foreign exchange gains resulting from the appreciation of the yen. Net profits also rose sharply, from Y3.13bn to Y36.4bn in the lalest business period.

Sales volume fell by 1.7m kilolitres to 23.8m kilolitres during the period, reflecting weak overall demand in Japan for oil and oil products. However, the company's market sbare increased and there was a shift in the compositions of sales towards more profitable products (largely because of a more than proportionate decline in demand for "C" grade oil used for electricity generation). Increased profitability was due in large measure to usance profits, estimated by the company at Y44.9bn during the six-month period. If usance profits (on short-term import finance) and losses are excluded, Nippon estimates that its operating profits amounted to Y30bn up from Y22.3bn.

The increase in non-usance profit ia attributed to the rationalisation of transport systems and to the previously mentioned shift in the pattern of the company's sales towards more profitable products. A stable oil supply, reflecting Nippon Oil's high dependenca on relatively cheap Saudt Arabian oil (accounting for 45 per cent of total imports), also contributed to the company's good result.

For the second half of its current business year, ending March 31, 1981, Nippon oil forecasts that sales will reacb Y1,820bn (reflecting higher seasonal demand for oil) for a total of Y3,430bn against Y2,710bn, but that operating profita will decline to Y30bn for a total of Y105bn compared with Y39.45bn. Net profits are expected to add Y15bn in the second half for a total of Y51.39bn, up from Y11.16bn. Usance profits in particular will tend to shrink, reflecting more stable conditions on the foreign exchange market.

The interim dividend is unchanged at Y3 per share, and tha company hopes to maintain the full-year total at Y6.

Boost for Malaysian insurers

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Government has announced two majoc regulations affecting tbe insurance industry. The first requires insurance of all property, sbips, and aircraft located or registered in Malaysia to be taken over locally, and the second introduces a "cash-before-cover" scheme for motor insurance.

The first regulation is aimed at giving a boost to the local insurance industry. Recently, Tengku Razaleigh, the Finance Minister, expressed the Government's concern over the huge amounts of foreign exchange being speot on invisibles such as freight and insurance cbarges, and announced the formation of an expert group to study the cutting down of these outflows.

This year, Malaysia is expected to spend 500m ringgit ($232m) on overseas insurance premiums.

Mr. Mak Hon Kam, the Deputy Finance Minister, who announced the new regulations, said property owners who failed to insure locally after a period of time would be fined up to 20,000 ringgit, but for the time being they would still be allowed to insure abroad provided permission is obtained from the insurance division of the Finance Ministry.

He also said that a new solvency margin, applicable to all general insurance companies, would come into effect next month. The margin will be 15 per cent of premium income written in the previous financial year or 1m ringgit whicbever is great. Previously, general insurance companics had to keep only 1m ringgit as a solvency margin irrespective of premiums written. This requirement is to ensure the financial stability of the insurers.

The cash-before-cover scheme for motor insurance buisoess is aimed at improving the cash flow of the insurance companies, and to ease the financial burden especially for transport companies and other large fleet owners. Transport operators are allowed to pay initially 30 per cent of the premium with the remainder to be settled within 45 days.

Mr. Mak said the motoring public would also "benefit through greater insurance protection under the scheme and faster claims.

Wah Kwong doubles earnings

By Our Hong Kong Correspondent

WAH KWONG PROPERTIES, a medium-sized property trading company, has reported tbat after-tax profits for the year to June 30 have more than doubled to HK$49.53m U.S.$9.91m) and it haa announced a one-for-ten scrip issue. The profit, after extraordinary items and mioority interests, came to HK$61.16m, a 51 per cent improvement from the previous year.

The final divideod was set at 6 cents a share, making a total for the year of 10 cents a share, up from 9 cents the previous year.

The company is one of a number of property tradiog groups that have drawn particular support from speculators in Hong Kong's continuing bull market, and the shares have jumped sharply several times on rumours of property sales. At its closing price yesterday, at HK$3.30 the stock has climbed almost 170 per cent from its low in March of HK$1.25.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	28.10.80	21.10.80	AVERAGE YIELD	28.10.80	21.10.80
DM Bonds	93.00	94.41	DM Bonds	9.067	8.815
HFL Bonds & Notes	94.02	94.07	HFL Bonds & Notes	10.042	10.021
U.S. $ Strt. Bonds	87.92	88.35	U.S. $ Strt. Bonds	11.949	11.844
Can. Dollar Bonds	83.84	83.57	Can. Dollar Bonds	12.232	12.302

APPOINTMENTS

Group post at Charterhouse

Mr. Michel Knibbeler has been appointed a director of CHARTERHOUSE DEVELOPMENT, the development capital subsidiary of the Charterhouse Group. Mr. Knibbeler is managing director of Charterhouse Development's French subsidiary, Charterhouse SA, which provides development capital for companies in France.

*

On November 1 Mr. Arthur R. Williams becomes e director of TIMBER GROWERS GREAT BRITAIN—the representative body for private forestry in England, Wales and Scotland. He succeeds Lord Norton who is retiring.

*

Mr. L. Ashworth has been elected president of the METALLURGICAL PLANT-MAKERS' FEDERATION. Mr. Ashworth is a director of the Davy Corporation and chief executive of Davy Engineering Industries.

*

Dr. Gunther Vleten has been appointed European finance director for EATON, succeeding Mr. David O. Otto who is returning to Cleveland, Ohio, where he will co-ordinata the international finance activitiea of Eaton Corporation.

*

In a reorganisation of the main board of KRAFT FOODS Mr. Vic Hill has been appointed logistics director. All the purchasing and procurement functions of the company have been centralised together with distribution, production planning and inventory control under Mr. Hill's direction. Kraft's main board is now: Mr. A. G. Moon, chairman and managing director; Mr. C. J. Bennett, food service and industrial director; Mr. J. C. Foley, retail director; Mr. V. W. Hill, logistics director; Mr. G. Jardine, financial director; Mr. K. Liggett, production director and Mr. L. Halliday, personnel director.

*

From November 1 Mr. Christopher Cannon will be joining the partnership of TILNEY AND CO., Liverpool stockbrokers.

*

Mr. Philip T. Bowen, acting commissioner for the BUREAU OF MARITIME AFFAIRS OF THE REPUBLIC OF LIBERIA, has been confirmed in his appointment as commissioner. Mr. Bowen, who has been for the last six years deputy minister of finance, took over as acting Commissioner in September.

*

Mr. John P. Grenside, senior partner of PEAT MARWICK MITCHELL AND CO. in the UK has, in accordance with previously announced plans, succeeded Mr. Walter E. Hanson as chairman of PEAT MARWICK INTERNATIONAL. Mr. Grenside assumed his new position on October 21. Mr. Hanson retires on October 31 and has been replaced on the PMI advisory committee by Mr. Thomas L. Holton, chairman of PMM and Co. in the U.S.

*

Mr. Alfred T. Blomquist, Jr. deputy chairman of Hunt Chemical and president end chief executive officer of Turner and Newall Industries, Inc. has been elected chairman of the Board of directors of PHILIP A. HUNT CHEMICAL CORPORATION. He succeeds Mr. C. Wilfrid Newton, who remains a director of Hunt Chemical. Mr. Newton is group managing director of Turner and Newall, Manchester, England.

*

Mr. Jerry L. Kalman has been made director of corporate communications at INFORMATICS INC.

*

Duple International has formed a company, DUPLE (METSEC) to continue the CKD bus body export business previously owned by T.I. Metsec, a Tube Investments Group subsidiary. Mr. R. G. West has become managing director, Mr. J. M. Stoke commercial director and Mr. D. Rushton technical director. These arrangemeots retain the management team which bad built up the business within T.I. The new Board also includes Mr. G. D. J. Hay as chairman end Mr. R. J. Richards end Mr. J. Ruddy from the Duple group.

*

Owing to indifferent health, Mr. R. F. Mabbott has decided to take early retiremant from Fabruary 2, 1981, at which date he will relinquish his directorships within the MINET HOLDINGS GROUP.

*

Mr. Norman Berg has been appointed to the Board of BORG-WARNER transmission division as materials director. He joins the South Wales-based company from the Borg-Warner Corporation in Detroit. Mr. Derek Gardner, the division's director of engineering and research, has taken on the added responsibility of director of quality. This follows the retirement of director of quality Mr. Eric Measham. Mr. Ron Farr has resigned as director of industrial relations to take up an appointment with another company.

*

The Prime Minister has appointed Mr. John Thorn, as a trustee of the BRITISH MUSEUM in succession to Lord Annan.

*

Mr. Robert B. Ford has been appointed manager, private communications division, ITT BUSINESS SYSTEMS, responsible for the management of all the activities of the division on the ITT site at Foots Cray in Kent.

*

Western Motor Holdings has apopinted Mr. N. W. Parker as managing director of DISTRIBUTOR DELIVERIES and AUTOCAR AND TRANSPORTERS. He succeeds the late Mr. Stanley Alton.

*

Mr. J. R. Talbot is to retire on November 14 from the Board of TOUCHE REMNANT AND CO. and from the Boards and as investment manager of INDUSTRIAL AND GENERAL TRUST and TRUSTEES CORPORATION.

On that date, the following changes will come into effect. Mr. C. J. Kirman joins the Board and becomes managing director of Industrial and General and will cease to be managing director of ATLAS ELECTRIC AND GENERAL TRUST and leaves that Board.

Mr. A. A. Arnaud is appointed to the Board of Atlas Electric as managing director and gives up the managing directorship of TRUST UNION.

Mr. R. J. Hooper moves to manager of Trustees Corporation from his post of assistant investment manager, Industrial and General.

Mr. P. Kysel will be manager of Trust Union.

*

Mr. Trevor Slater is to join the Board of FEDERATED LAND from November 1, in place of Mr. Jessel R. Harris, who is leaving to take up an appointment as finance director with another property company. Mr. Slater has been commercial director of Federated Estates, the principal subsidiary, since 1979.

*

Mr. A. C. Watt has been appointed to the new position of marketing director of CLEVELAND BRIDGE AND ENGINEERING, a Trafalgar House company.

*

Mr. G. G. Drew has been eppointed to the Greater London Regional Board of LLOYDS BANK from November 1.

*

Mr. D. L. Murison, executive chairman, Bank of New South Wales, and Mr. R. M. Thomas bave been appointed chairman and secretary respectively of the ASSOCIATED AUSTRALASIAN BANKS IN LONDON from January 1.

*

Mr. Stefan Olszowski has been appointed a non-executive director of COATES BROTHERS AND CO.

*

Mr. Barrie Carter has been appointed managing director of METAL AND PIPELINE ENDURANCE, the William Press company specialising in quality control and protection of engineered structures. Mr. Carter took over on the recent retirement of Mr. Morton Gordon.

*

Mr. Barry StG A. Reed, chairman and chief executive of the Austin Reed Group, has beeo elected Master of the WORSHIPFUL COMPANY OF GLOVERS of London for 1980-81.

FINANCIAL TIMES SURVEY
Thursday October 30, 1980

Construction Equipment

The state of the construction equipment market worldwide is proving to be the most difficult in its history. But few doubt that the challenges it presents will serve ultimately to strengthen the more efficient, albeit at the expense of some casualties among the weaker companies.

Dramatic downturn in demand

By Hazel Duffy

CONSTRUCTION EQUIPMENT is a \$13bn to \$14bn industry which is currently going through the most difficult period it has ever experienced. While there need be no question that it has a bright future, the present severe recession in the two biggest markets—North America and Europe—is causing considerable pressures, even to the most efficient companies.

The downturn in demand has been particularly dramatic in the U.S. since the middle of the year, with noticeable effects on all the major companies which manufacture a broad line of products.

Unlike the earlier recession which followed on the rapid increase in world oil prices, the manufacturers have not had the benefit of ready markets in the oil-rich Middle East where construction projects were building up quickly in the mid-seventies.

Demand in Europe for construction *equipment* has been adversely affected for several years by the need to keep public spending under control, *leading to the postponement* or cancellation of major public sector projects. Private sector building has held up better in most parts of Europe, but the recent fall-off in investment in capital projects by industry has since been marked.

Relieving the gloom, however, is the fact that many big projects *are going ahead in the less*-developed countries — particularly in nations such as Mexico, which are exploiting their new oil wealth. Most of these projects rely heavily on the big international manufacturers of construction equipment for their needs, although there is growing pressure on *those* companies to locate some of their manufacturing facilities in such countries. Several multi-nationals already have plants in Latin America, mostly in Brazil, Argentina and Mexico.

Likewise, the continued search for new sources of oil and for other forms of energy means new markets for the sort of construction equipment, which is also used in open-cast *mining*. Apart from more specialised items (draglines, for instance), mining calls for a large amount of robust equipment for transporting the minerals and removing the overload. Despite the renewed interest in coal as a source of energy in the U.S., demand for equipment has not been particularly strong in the past couple of years, but orders are expected to be placed over the next 12 months.

Big new capital projects, such as that being discussed in *Australia for the processing* of coal into oil, will all require huge amounts of equipment in their construction, as will the *expected development* of new industrial plant in the Middle East and other expanding economies.

The North American market, however, is by far the largest single *customer for* all types of equipment, accounting for as much as 40 per cent of the world total. Although the indications are that the U.S. economy has probably seen the worst of the recession, many *experts believe that the* recovery in construction projects will be gradual. On these assumptions, it is likely to be 1982 before the recovery in private construction picks up substantially, while public projects could well reflect the trend towards tighter fiscal policies for the first half of the *1980s*.

Growing pressures

The economic pressures on the North American-based companies have already led to wide-scale redundancy programmes in many leading companies such as Caterpillar and John Deere, as well as prolonged shutdowns during the summer in an attempt to bring stocks *back* under control. Despite these measures, it is thought that some companies are *still* carrying very *high* stocks of certain items of equipment.

European plants of the multinationals have similarly suffered cutbacks. International Harvester, for *instance*, decided to withdraw a new backhoe loader model from Doncaster in the UK *only months* after an *expensive* launch. Many indigenous companies have also been forced to re-appraise their model range *and the whole economic base* of their manufacturing, which has led sometimes to closeures and/or mergers.

The most remarkable success story, however, has been the rapid build-up of the German-based IBH gorup, culminating in the purchase of Terex from General Motors in the past month. Over the past couple of years, IBH has picked off a number of weaker companies, *the best known being Hymac* in the UK and Hanomag in Germany. It also has bought a minority share in the Pettibone Corporation in the U.S.

Although Hanomag had been a heavy lossmaker, its owners, Massey-Ferguson, are believed to have turned it round before the deal was completed with IBH earlier this year. The sale eased MF's financial problems for a short time, but the group has since been *massively* hit by high interest rates and the drop in demand for tractors, particularly *in North America. MF* continues to make a range of industrial equipment in the smaller category, but doubts about the group's survival in its present form will continue until the re-financing package has been concluded.

The Terex sale to IBH was prompted by General Motors, Terex's parent, becoming increasingly tied up with the heavy investment in the retooling and new model programme for its automobile activities. Although a significant producer of heavy construction equipment, Terex accounted for only a tiny part of GM's total *turnover*.

Its significance to IBH is much more substantial; IBH, using Terex outlets in North *America, can expect to become* the first European company effectively to penetrate North America. IBH says it will not buy up any more companies, and *now many experts are waiting to see* how such a rapid growth operation will digest some difficult acquisitions.

Rumours abound

The Terex sale came as a surprise in the U.S., but rumours abound as far as other possible mergers are concerned. The weakness of world markets has led many to assume that some companies will not be able to exist on their own. A few more *specialised companies*, however, continue to do reasonably well, particularly those that have trim overheads in an industry which is frequently forced into expenditure on promotion of consumer-type proportions.

The recession has emphasised the strengths and weaknesses of particular companies. The efficient specialists which have a dominant share in their home markets are expected to escape from the current economic situation more lightly than those *which* depend on a *high* proportion of exports. Two examples, are J. C. Bamford in the UK, *which* dominates the British backhoe/loader market, and Grove Crane, the subsidiary of the Walter Kidde conglomerate, in the U.S.

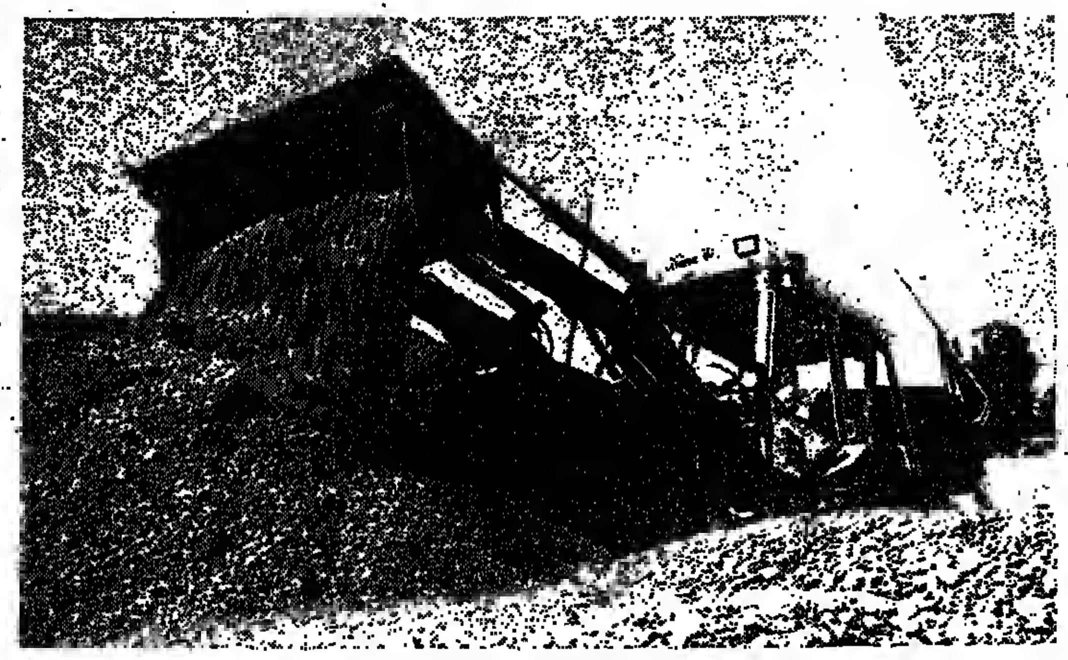
J. C. Bamford will not escape *unscathed* from the *recession*, but it can be expected to emerge in a stronger position than most British construction equipment companies. Grove Crane makes a range of mobile hydraulic cranes, making a \$50m operating profit on sales of \$378m last year, and has been a consistently successful operation.

The manufacture of construction equipment does not involve high technology, but rather a constant attention to the improvement of existing products. Although there are *shifts* away from one product to another to do similar jobs, most "new" products are evolutionary rather than revolutionary.

This means that the successful companies, such as Caterpillar, are those which are able to establish the right marketing and distribution systems, once they have the best *available* product, although they may not necessarily be the most innova*tive. The setting-up of a good* distributive network is an urgent task for any company trying to break into construction equipment. John Deere, for example, which was a relatively late entrant, was able to set up such a network in the U.S., but has had to persevere in Europe. The signs are that it is now beginning to get this right.

A similar problem is con-

CONTINUED ON NEXT PAGE



Launched today — the JCB-3CX, one of a new range of excavator loaders

CONTENTS

CONSTRUCTION EQUIPMENT II

Recession severely reduces profitability

MULTINATIONALS

HAZEL DUFFY

THE MULTI-NATIONAL companies in the construction equipment business are dominant in most parts of the world. Many of these companies offer a full line of equipment, leaving the smaller, nationally-based manufacturers to specialise. This is because the economics of producing a wide range of equipment requires large amounts of capital to be tied up in manufacturing facilities, and considerable expenditure on development.

Most of the big international companies are American-based and have manufacturing plants in different parts of the world, in addition to their home base. Most commonly, these are in Europe — which, after North America, is the largest market for construction equipment — and Latin America. The exception is Komatsu, which is Japanese-based and concentrates extensively on the south-east Asia markets.

Caterpillar, with headquarters in Peoria, Illinois, is the world's largest manufacturer of earthmoving and construction equipment. It is also a big producer of diesel engines and generating sets, and has interests in material handling. Manufacturing is carried on in 14 plants in the U.S. and another 10 throughout the world, although probably half of the group's overseas sales originate from the U.S. With sales last year of $7.6bn, nearly 54 per cent overseas, Caterpillar's turnover is three times that of its closest competitor, Komatsu.

Caterpillar continues to be rated as the most successful of all construction equipment companies, although profitability has been severely reduced by the worldwide recession and, particularly, by the big drop in demand from the U.S. market since the middle of the year.

Forecast

Although second quarter earnings showed an increase over the previous year—$168m against $165m—analysts are expecting a substantial drop in third quarter earnings. They are also predicting that the first half of 1981 will be well down on the 1980 first half, in common with most other full line manufacturers.

Much of Caterpillar's overseas sales stem from major construction projects where contractors like to buy a range of equipment from the same manufacturer. In addition, Caterpillar is renowned worldwide for its excellent distribution through independently-owned dealers and back-up service, which is particularly important in developing countries where contractors are working to tight completion targets. Although Middle East projects have passed their peak of activity, Caterpillar's wide spread has enabled compensating business to be picked up recently in Africa and Latin America.

Caterpillar has acquired a reputation for not being an innovator in construction equipment, but its development work is given an emphasis which ensures that its products never slip out of date. In many products, large crawler tractors, for instance, Caterpillar has home market shares in the order of 30 to 40 per cent, giving it considerable strength from which to build up exports.

The next year or two will be challenging for Caterpillar, however; its commitment to expand in diesel engines where it is becoming a major "free-engine" producer, will continue to tax the group as a whole. Despite its huge lead in construction equipment, Caterpillar executives admit privately that they have their shoulders at two companies in particular: Komatsu and John Deere.

Komatsu's sales in 1979 totalled $2.3bn, of which $869m comprised overseas sales. At the half way stage this year, sales were on a strongly rising trend—the weakening of the yen giving a sharply competitive edge to Komatsu's export prices. Sales to the Middle East and South-East Asia were particularly strong, although the Japanese market had remained fairly dull.

Komatsu has a worldwide selling operation, with subsidiary and associated sales companies in Europe, North America, South America and Singapore. It is the only non-North American manufacturer of construction equipment to have made a significant impact on that market, and in certain products, particularly crawler tractors, it has succeeded in winning market share away from Caterpillar. Its European operation is managed through Komatsu Europe in Brussels, and it has an associated venture in Germany, Komatsu Maypres.

Despite its relative success outside South-East Asia, there is reason to believe that Komatsu intends to re-think its selling operation in order to increase its strength in North America and Europe, which are much the largest markets in the world. Given the competitiveness of the yen—sterling, for instance, has appreciated against the yen by more than 50 per cent in the last three years—the group is in a position of considerable strength from which to launch a more aggressive marketing campaign.

John Deere is a relatively late entrant in construction equipment, being primarily a producer of agricultural equipment. Its growth in the last five years, however, has been rapid, and current sales are estimated at around $1bn. Investment in research and product development has totalled $680m during this period, and is the key to the growing acceptance of its products worldwide.

Commitment

John Deere does not give a breakdown of profit between farm and industrial equipment, but it can be presumed that its strong position in agricultural machinery is having to carry some of the costs of the group's commitment to construction equipment. So far, John Deere has not made the progress overseas that it would have liked, particularly in Europe. The recent appointment of Blackwood Hodge to handle Deere equipment in most of England and Wales, however, is an indication that it is getting to grips with the all-important area of distribution.

J. I. Case, part of the Tenneco group, returned a 21 per cent increase in sales of construction and farm equipment last year to $2.4bn. Construction equipment represents about two-thirds of sales by this division. Case's major strength is the backhoe loader where it is market leader in the U.S., and other equipment in the small to medium-sized range.

The company also makes a range of heavier equipment such as industrial cranes, cargo carriers and excavators which are sold under the "Drott" label in the U.S. In Europe, Case has been making progress both with its own products, which are also manufactured here, and particularly through Poclain, the French company which is probably the world leader in hydraulic excavators, in which Case has a 40 per cent stake. Although only a minority stake, Case exercises considerable control in Poclain, which made a strong profit recovery last year from a $40m loss in 1977.

The recession in the North American market has affected all the volume equipment manufacturers over the past year, and has led to reductions in their workforces of sometimes as much as 25 per cent. International Harvester, a full line manufacturer, has also been knocked off course by the prolonged strike earlier this year.

Sales of construction and industrial equipment in 1979 totalled $1bn, resulting in an operating profit of $53.1m. IH manufactures worldwide, and aims to concentrate production of certain equipment and components at strategic plants.

Formerly known as Payline, the group has recently changed the name of the division to International Construction Equipment. IH's third quarter earnings at $62m showed that it was making some recovery from the effects of the strike, but not as rapidly as had been hoped.

Most of the multi-nationals have grown organically, but there have been exceptions such as Fiat-Allis. To this must now be added IBH, the German-based group which has expanded rapidly by acquiring a number of companies in Germany, France, the UK and most recently in the U.S. with the purchase of Terex. IBH's target sales for 1981 are $1.3bn, making it fourth in the world league after Caterpillar, Komatsu and Case.

International 650 excavator

Downturn in demand

CONTINUED FROM PREVIOUS PAGE

the U.S., but it has had to persevere in Europe. The signs are that it is now beginning to get this right.

A similar problem is confronting Komatsu, and other Japanese manufacturers, in their efforts to become more effective in the European market.

The other area in which there is continuing scope for companies to make big strides is the efficiency of production methods. Unless the product is highly specialised—for example, some of the equipment used in mining—the basis of profitable operation is volume production. This lends itself to a degree of semi-automated methods which the more resourceful manufacturers are turning to increasingly, making it more difficult in the future for the smaller-scale companies to compete.

There is also a tendency for companies to source more of their components in-house—J. C. Bamford, for example, now makes its own axles, while on a much bigger scale, J. I. Case is linking with Cummins for the development and production of diesel engines. About 50 per cent of the proposed output will go to Case, and the rest will be sold to other manufacturers.

The state of the construction equipment market world-wide is proving the most difficult in its history. But few doubt that the challenges it presents will serve ultimately to strengthen the more efficient, albeit at the expense of some casualties among the weaker companies.

Hire companies caught in a dilemma

LEASING

LORNE BARLING

ALTHOUGH MANY plant hire companies have suffered severely this year as a result of the continuing slump in the construction industry, some have benefited to a limited extent, from the traditional tendency of customers to hire, rather than buy, at a time of high interest rates and difficult market conditions.

The counter cyclical nature of the plant hire industry has therefore meant that the worst of the recession has not hit many companies, but some severe problems have been created by the rapidly increasing cost of replacing stocks of equipment.

The dilemma now facing hire companies is whether to invest, at high cost, in modern construction machinery in anticipation of an upturn in the market, or to retain existing equipment, and attempt to obtain maximum returns on it, before disposal.

Moreover, with an increasing number of companies moving over to current cost accounting, they are having to re-assess their previous balance of new purchases against existing stock, in the light of rapidly increasing prices of new equipment.

But the basic problem for hire companies cannot be glossed over; there is far too much equipment available for the amount of construction work taking place in Britain, and hire charges have therefore been unable to rise in line with equipment costs.

Manufacturers of construction equipment have also suffered as a result of reduced buying by the hire companies—their major customers. J. C. Bamford, for example, sells nearly 80 per cent of its equipment in the home market, to this sector.

Worst hit

Crane hire is one of the worst hit activities which has also suffered as a result of the recent crane drivers' strike which virtually halted all new business for two weeks. There is also evidence that companies which have invested in expensive and sophisticated cranes are tending to use them for jobs that could be done with smaller equipment, rather than hire smaller equipment, in an effort to cut costs.

Demand for the hire of small, mobile plant, such as compressors, generators, concrete mixers and excavators has, broadly kept pace with the level of activity within the construction industry, giving little scope for growth, except in some specialised sectors.

The balance of equipment acquisition, between purchase rental and leasing is estimated by the Contractors' Plant Association—the hirers' trade association—to have changed little as a result of the difficult market conditions, with rental still predominant.

"The high capital costs of this kind of equipment and the relatively short period of time that most users require it, means that rental is still the most attractive means of financing," comments an association spokesman.

On the other hand, organisations such as the Coal Board have sometimes found it cost-effective to lease equipment, such as excavators, for open-cast mining operations.

At a difficult time in the UK market, plant hire companies remain disappointed at their continued virtual exclusion from the potentially vast European Community market, as a result of what they regard as obstruction by the EEC Commission.

Tough response

It is felt that the virtual refusal of the EEC to accept plant hire as an industry, and thereby making it impossible for most to operate within those countries, has not been met with a tough enough response from the British Government and that further representations ought to be made.

The overall problems of the plant hire sector are also reflected in a 24 per cent fall in orders for construction equipment in the UK, compared with a year ago, since the hire companies are by far the biggest overall buyers of such equipment.

Their difficulties now have come as a surprise to some—since the industry was considered to be largely immune to the effects of recession—following a long period of sustained growth in business.

According to a recent survey by ICC Business Ratios, the total turnover in the plant hire sector from 1976 to the end of last year increased from £200m to £300m. This growth has been accompanied by heavy investment in new equipment and during that period, the total depreciated book value of equipment in the sector rose from £210m to £290m the survey suggests.

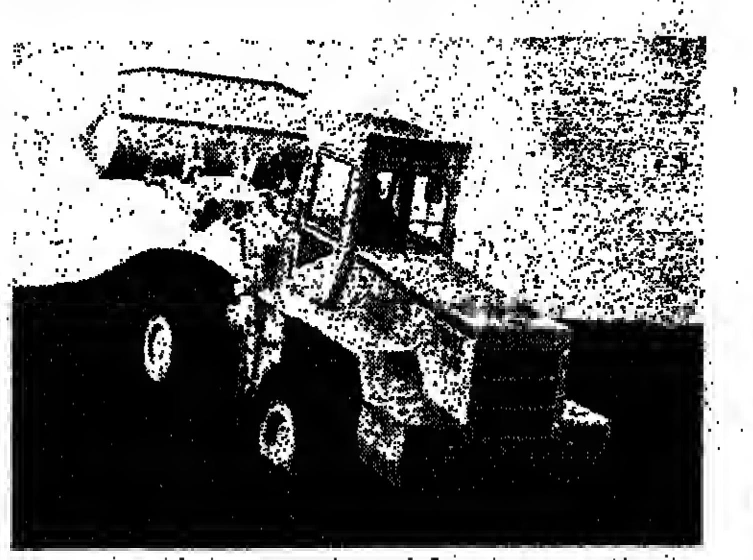
The basic problem now is that the hire companies cannot increase their rates fast enough in a competitive market to keep up with the rising cost of replacement equipment; much of the restraint on prices has come from small operators which have tried to maintain turnover at all costs. Overall rates rose by only 15 per cent last year, while replacement costs increased by around 30 per cent.

The other main difficulty is the substantial increase in debt-servicing charges which, in the case of Richards and Wallington, one of the leading hire companies, had risen by 42 per cent at the half year. The company, as with some of its competitors, in a similar position, is now selling off certain items of used equipment in order to reduce debts.

The industry as a whole is likely to look more closely at diversification, given the long-standing slump in the construction sector.

These moves are likely to be concentrated on the already crowded DIY sector, where there is some scope for increased hire of tools to home improvement enthusiasts. Richards and Wallington has recently spent £1.4m in acquiring a chain of DIY retailers.

While the larger companies are likely to be able to ride out the storm by redirecting their resources and cutting back generally, the outlook for smaller concerns is less encouraging, and the end of the recession will certainly see a leaner, and probably smaller, plant hire sector.



Aveling-Barford has now transferred production facilities for its articulated wheeled-loader range from Gainsborough to the main assembly plant at Grantham. The company has also just launched a new model, above, the WXL 118.

Manufacturers pin their hopes on a strong export performance

UNITED STATES

IAN HARGREAVES

LIKE A number of other important U.S. industries, American manufacturers of construction equipment have "saved their skins" in the past year by strong export performance.

The industry's exports, boosted by a weak dollar, were 22 per cent higher in the first half of the year at $2.75bn. Imports, as would be expected, are falling from an already low base, totalling $774m in the first half.

In the first nine months of this year, Caterpillar Tractor, by far the largest company in the industry, sold 56 per cent of its products to customers outside the U.S., compared with 53.8 per cent in 1979 and 48.1 per cent in 1978. In the third quarter of this year, for which Caterpillar has just reported a sharp drop in profits, non-U.S. sales accelerated by almost 21 per cent to $1.3bn.

Unfortunately for the industry, the receptiveness of foreign markets does not look like continuing. Nor has the strength in export markets been adequate to compensate for the severity of the downturn in the U.S. construction industry, which has led, among other things, to the first lay-offs at Caterpillar for economic reasons, since the late 1960s. This month, some 8 per cent of the company's U.S. workforce is indefinitely idle and many more workers have been taking extended holidays.

Construction industry forecasters, who have had an unusually unsatisfactory year in the U.S. because of unprecedented volatility in interest rates, are cautious in predicting the future. Most of them see little chance of a solid recovery in U.S. construction spending until the second half of next year, if then. Strong acceleration in the housing sector in mid-year has been stymied by a renewed rise in money costs since then, and the cyclical decline in non-residential construction still has six months to run, according to historic patterns.

These gloomy facts have made a mess of the earnings statements of the U.S. manufacturers. Caterpillar earned $422m in the first nine months, compared with $465m in the same period of last year. Caterpillar now says its 1980 earnings will be lower than those of 1979, when it suffered a prolonged strike in the U.S.

Allis-Chalmers' profits, suffering badly in the farm equipment sector, too, were 41 per cent lower in the nine months.

Full effects

The crane makers, American Hoist and Derrick and Koehring, are now feeling the full effects of the recession, and one of the better-known names in the industry, General Motors, has decided that the bad times were the right time to get out of the industry. GM sold its Terex construction equipment subsidiary to IBH of West Germany.

J. I. Case, a part of the Tenneco Group, which has a stake in Poclain of France, is expected to suffer a cut in profits this year of around 35 per cent.

In the longer-term, however, there are a number of factors working in industry's favour and for which its current very high level of capital expenditures ($286m in 1979, up 28 per cent on the year before), is intended to prepare the way.

In the U.S. market, heavy energy project expenditures, including a boost for the coal sector, is certain to be a strong feature of the 1980s. The same is true of the industry's most important foreign market, Canada, which accounts for over one third of the industry's exports.

The U.S. picture may also receive some help from higher defence expenditures, notably the missile project, to which both major Presidential candidates are committed, and from Washington's attempts to respond to business's repeated calls for fiscal measures to stimulate capital spending. Construction people are also keeping their fingers crossed that with nuclear power projects once more being approved by Washington, there will not be another Three-mile Island to disturb the industry's progress.

According to some opinion, there may even be some cheer from the road construction sector (where the completion of the inter-State highway system has knocked the bottom out of the market), through a growing need for repair work. Some manufacturers are working on down-sizing certain types of machine to appeal to this market.

It is evident, however, that the Middle East construction boom and other circumstances which enabled the U.S. industry to sail through the last recession almost unscathed, are unlikely to be created again. Notwithstanding, the opportunities of the 1980s, it would not be surprising to see further restructuring of the industry.

A line of 45 motor graders from John Deere (models JD670-A and JD670) crossing the Jacques Cartier Bridge, bound for the city of Montreal which has leased 50 motor graders for snow removal

U.S. MANUFACTURERS' MACHINE SHIPMENTS

Summary of forecasts for 1980 and 1981

	Units			Projected change %	
	1979	1980	1981	1979/80	1980/81
Hydraulic cranes	6,400	5,100	4,800	−20.3	−5.9
Cable cranes	1,550	1,200	1,250	−22.6	−4.2
Excavators	5,825	4,550	4,500	−21.9	1.1
Wheeled loaders	48,448	37,600	39,000	−22.5	3.7
Industrial wheel tractors	41,022	33,000	31,000	−19.6	−6.1
Crawler tractors	19,855	17,600	18,000	−11.4	2.3
Motor graders	7,257	6,500	6,400	−10.4	−1.5
Scrapers	4,075	3,100	3,500	−23.9	12.9
Off-highway haulers	5,579	4,700	4,800	−15.3	2.8

Source: U.S. Department of Commerce; Economist Intelligence Unit

The market still shows signs of buoyancy

W. GERMANY

JEFFREY BROWN

THREE COMPANIES constitute the bulk of the construction equipment industry in West Germany. Two of them are diversified to the point where something like half their sales arise in fields outside construction. The third, the fast expanding IBH Holding, is very much a purist.

The two diversified groups are Liebherr and Orenstein and Koppel. With world wide sales in the region of DM 2.7bn for 1979, Liebherr has major interests in industrial plant, refrigeration work and aircraft technology. But around 50 per cent of output centres on construction equipment and here the company specialises in crawlers loaders and hydraulic excavators.

Based in Dortmund, Orenstein and Koppel manufactures wheeled loaders, hydraulic excavators and graders. On sales of DM 1.34bn, profits were lower in 1979 partly because of the problems faced by the company's shipbuilding interests. But recent years have seen Orenstein expand its construction side substantially, notably through a push for a larger slice of the market in the U.S.

The company has six manufacturing plants in Germany, two in the UK and one in Canada, near Ontario. In large-scale hydraulic excavators, Orenstein claims to be number two in Europe, behind Poaclin of France, and it is in this end of the market that a concerted drive is being made to expand sales in the U.S. Recently it successfully launched a giant hydraulic shovel, weighing 430 tonnes with a shovel capacity of up to 30 cubic metres.

IBH operates 13 manufacturing plants in four countries. Germany remains the stronghold with six seperate production centres, followed by France with three. The rest are in the UK (one in the South of England and one in Scotland), the U.S. and Brazil.

Sales targets

In terms of sales of construction equipment, IBH in 1979 was smaller than Leibberr and Orenstein. This year it plans to draw level and by 1981, if the company can successfully meet its sales targets, it will have moved ahead. IBH sales in 1979 totalled DM 364m. For 1981, in the wake of a spate of acquisitions, the company is forecasting sales of DM 2.3bn.

The transformation of IBH has taken place this year. The acquisition of the Hymac group of the UK became effective on January 1 when the broadly spread industrial group, Powell Duffryn, sold what was then a strike-bound trouble spot in return for a shareholding in IBH.

Exactly one month later, IBH's creator, chief executive Herr Horst Diete Esch, swooped again; this time on the financially crippled Massey Ferguson of Canada which was induced to part with its German construction equipment company, Hanomag. Shortly afterwards, IBH acquired a further German company, WIBAU, which makes concrete pumps and asphalt mixing plants, and then turned its attention to the U.S.

In September, Herr Esch announced the purchase of Terex from General Motors in return for a 13.6 per cent shareholding in IBH. General Motors in return for a 13.6 per cent shareholding in IBH. General Motors is also putting up DM 40m in cash under the deal which becomes effective from the beginning of 1981 and vastly improves IBH's distribution, both in and outside Europe as well as in the U.S.

Whether or not it provokes the beginning of a phase of consolidation in the rapid expansion of IBH, the acquisition of Terex will nevertheless be seen as a major landmark. Terex just about completes the IBH range, bringing in a heavy earthmoving division. Post-Terex, IBH can offer customers no less than 170 different types of construction equipment.

In Germany this range extends from wheel loaders and crawler tractors to hydraulic excavators and vibrating rollers and compaction equipment. The French operations specialise in air compressors and pneumatic tools as well as bespoke excavators for the mining industry.

In the UK IBH holds some dominant markets under its Hymac label. Since the early 1960s, Hymac has held over a quarter of the local market for construction equipment, and it also has some solid export business. The company's strength lies in its 12-ton excavator range.

In contrast to demand patterns in Germany, the UK market for construction equipment has begun to show signs of weakening dramatically. Price cutting has set in among manufacturers competing for valuable plant hire contracts. In this country construction equipment sales by volume, after a steady enough first six months, could emerge from 1980 with a shortfall of up to 25 per cent.

Contrast

On the other hand, demand in Germany remains relatively buoyant. The boom of the past couple of years has shown signs of running out of steam but so far the "almost complete disappearance of confidence" that has occurred in the UK, as one industry spokesman put it, is not being mirrored in Germany.

Beyond the big three manufacturers, the industry in Germany becomes fragmented. A number of large companies have small construction equipment interests and a number of very small companies operate successfully as specialists.

Mannesmann-Demag, which is part of the Mannesmann engineering monolith, makes a modest range of equipment with sales last year of little more than DM 400m. Daimler-Benz has a lively interest through Euclid-Daimler Benz which makes heavy dump trucks. Daimler acquired Euclid of the U.S. several years ago from White Motor, and so far the company's operations have not spread outside North America.

Mannesmann-Demag produces a range of large hydraulic excavators which can be used both for open-cast mining and heavy-duty quarry operations. In cranes, the company makes heavy-duty mobile cranes as well as a series of mobile quay cranes. Road building operations centre on a range of pavers.

Another company with important links with the industry is Kaelble-Gmeinder which manufacture wheel loaders, compacting units and crawler loaders and track vehicles. Based near Stuttgart, this company's origins date back almost 100 years.

Equipment from West Germany has long been used for earthmoving, irrigation and road building in North Africa

Pockets of activity amid the gloom

UK

HAZEL DUFFY

ATTEMPTS TO restructure the British construction equipment iodustry into a few larger and broader-based units finally foundered when Acrow withdrew late last year from discussions that it had been holding with a view to taking over Aveling Barford.

The main reason for Acrow's decision became clear when the group which has always been proud of a profit increase every year bad to announce that profit before tax had slumped from £13.7m in 1979 to just over £2m this year.

Acrow's interests in construction equipment are its Coles Cranes and Priestman subsidaries (Priestman makes cranes and also bydraulic excavators). Coles' mobile cranes are market leaders in Europe, and other parts of the world. But the company is being hit badly by the strength of the pound. In spite of extensive rationalisation, it is likely to be some time before it sees a substantial recovery.

Development work at Coles and Priestman bas continued, bowever, and in the past year, Coles introduced the eight-sided stronger boom known as Octag and a boom pinning system known as Boomlok, both of whicb give a big improvement to the lifting capacity of the cranes. Priestman, meanwhile, is pioneering the cranes wbicb it has developed for use on offsbore production platforms.

Another reason for Acrow calling off its planned takeover of Aveling Barford was undoubtedly the weakness of the British Leyland subsidiary. AB, until recently, was the high hope of the British industry. It offered a broader range, and heavier equipment, than other UK manufacturers, and was the natural focus on which to build the hopes of the industry.

The fact that it went wrong had mostly to do with unfortunate timing. AB was expanding rapidly overseas at a time when Sterling was beginning to etrengthen, and the British-based company just could not compete with larger American-based companies.

Last year was the lowest point, with redundancy and closure costs bringing overall losses up to £24m; but AB now has new management and mucb improved stock control and there are reasonable hopes that it will climb back into profit within the next couple of years.

Surveying work being done using o Topcon GTS-1 Guppy — o combination electronic distance meter and theodolite, consolidated into o single unit by Hall and Watts, of Leovesden, Watford.

At that point, it is expected that BL will bave more success in finding a buyer than when they first put the group up for sale two years ago.

The most consistently successful company on the Britisb scene is J. C. Bamford, which last year made £15.5m pre-tax profit. Although it has had some failures—the crawler loader had to be withdrawn after making little impact on the British market—the famous JCB backhoe/loader goes on commanding more than half of Britisb sales of this product, and accounting for about 80 per cent of JCB output.

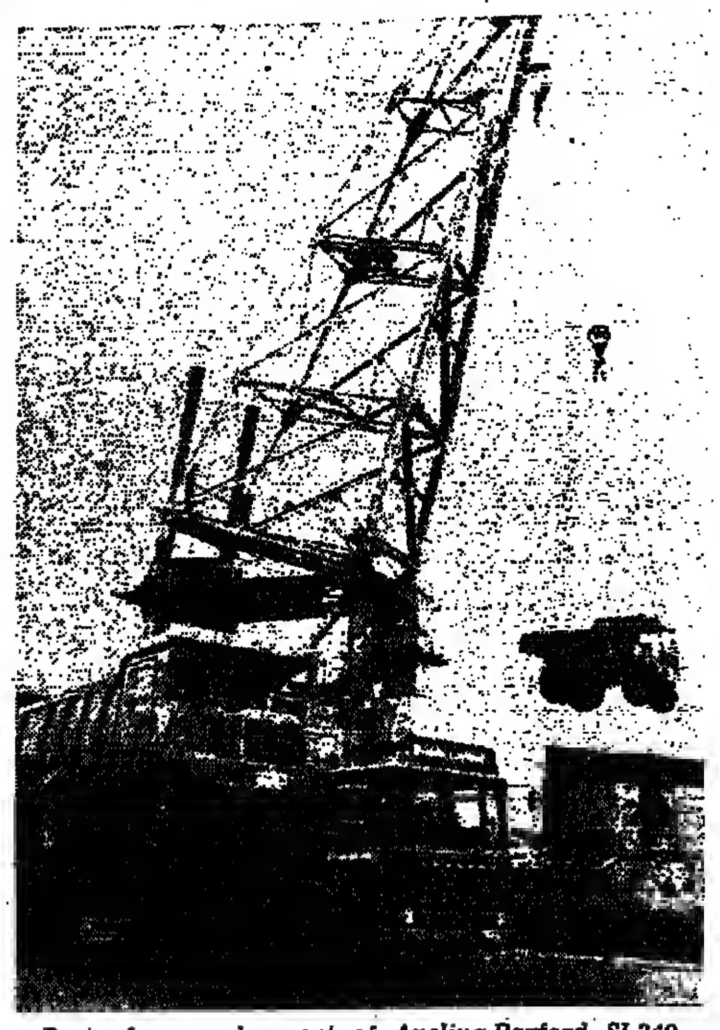
The company has invested £24m in new product development and capital equipment in recent years in a determined effort to maintain its UK position and expand on its European and American sales.

Earlier hopes that JCB might merge with another British-owned company to form the nucleus of a stronger sector appear finally to have been abandoned, JCB obviously being intent on conducting its own expansion. Now that Aveling Barford has been forced to retrench, JCB is the only UK company which is set on building up a permanent presence in the U.S., where it plans to manufacture in two or three years time. Assembly operations have already begun in the U.S.

The slump in UK construction work, allied to the strong Pound which is making exports doubly difficult, is affecting the wbole sector. JCB has shed 15 per cent of its workforce this year, and other companies have been pushed into restructuring. Competition in loaders remains intense—one victim over the past year was Massey-Ferguson's plant at Knowsley, Liverpool, which has been closed in favour of re-grouping industrial products on the Manchester plant.

Another has been Weatherall, a small company which has been forced this year to withdraw from manufacturing. Hymac, the leader in hydraulic excavators in the UK market, re-organised its distribution network earlier this year after becoming part of the IBH group. Management at Hymac has been strengthened, particularly on the marketing side.

The Babcock group of construction companies (wbose turnover in 1979 was £55m) incindes Winget, Blaw-Knox and Muir Hill. Babcock suffered a big project setback last year, in spite of extensive reorganisation. The group has the advantage of a product spread: Blaw-Knox, for instance, specialises in pavers, Winget in dumper trucks and Muir-Hill in loaders. Winget is developing a range of rough-terrain trucks as well—a product where the Britisb companies have been late in entering the market. Bonser (now owned by Lansing) has certainly failed to win itself a viable share of the market and seems likely to withdraw from it.



Part of a consignment of Aveling-Barford SL340 dump trucks leaving Liverpool docks for export

Rustoos-Bucyrus, the Lincoln company jointly owned by Bucyrus-Erie (U.S.) and GEC, bas experienced difficulties over the past year. A big redundancy programme will lead to redneed costs, but the future will lie in the rate of new orders. Like Ransome and Rapier at Ipswich, Ruston-Bucyrus has the capability of making buge draglines for the mining industry, as well as a range of construction cranes. One or two orders, therefore, can make all the difference between a healthy operating level and just getting by.

Trapped

Ruston-Bucyrus is also pushing on with the excavator range which was introduced five years ago, although it must be finding that markets, which are largely different from its mainstay prodncts, are proving difficult.

The level of construction activity in the UK has been trapped between public sector cutbacks and the fall in private investment for a long time. The latest figures, for example, show a 23 per cent drop in work on a year ago, tho biggest fall having been in the public housing sector.

In apite of these gloomy figures, the indications are that a few major industrial complexes will be constructed in the UK over the next five years, based on North Sea oil and gas. Contracts for the Mossmoran petrochemicals project, for example, are now being placed, where there will be a substantial earthmoving equipment requirement. Care and maintenace, as well as improvemeot projects, will require equipment in the small-to-medium range—wbere the British industry is well placed.

Although the order books now for construction equipment are probably at their worst ever level, there are distinct pockets of activity and therefore of opportunities for the efficient manufacturers. The greater flexibility of the smaller companies which dominate the British sector of this industry can be used to a definite advantage in adverse circumstances, and there is little doubt that the survivors will emerge better placed to benefit from such opportunities.

Reliable and ro bust equipment are the vital factors

OVERSEAS PROJECTS

LORNE BARLING

THE PURCHASE of construction equipment for major projects being carried out abroad by some of the larger UK construction companies is an important source of business for the British plant industry, and its reliability is vital to the success of British contractors abroad.

In certain circumstances, the cost of this equipment and its shipmeot to a site abroad, can amount to as much as half the total cost of a project. The profits of the construction company can depend, to a large extent, on receiving the right type and amount of equipment for a job.

The largest buyers of equipment for this purpose are companies such as Tarmac, Costain, Taylor-Woodrow and McAlpine, which bave large depots and departments dealing with the acquisitioo of everything from heavy earth-moving equipment and cranes, down to compressors, pumps and generators.

Most of these companies pursue a policy of purchasing British equipment, given the wide range of the UK construction plant industry, although this policy is often complicated by the involvement of foreign companies in a consortium working on an international project.

Insurance

The export of such equipment from Britain normally involves insurance cover provided by the Export Credits Gnarantee Department, which can only deal with British-made goods. There is no difficulty, however, with equipment such as hesvy earth-movers made by U.S.-owned companies in Britain.

In consortium, a high proportioo of equipment is normally exported from the countries of other partners, usually with the backing of their domestic credit insurance agencies, suc bas Coface in France, and Hermes in West Germany.

But, in practice, very few projects are identical wben it comes to equipment needs. Often the client or a local partner in a project will undertake the purchase of equipment on behalf of a company or consortium, also taking responsibility for its disposal at the end of a contract.

This aspect is important when the resale aspect is the responsibility of the leading contractor, since the residual value of equipment is often difficult to judge accurately. Sometimes equipment is returned to the UK for disposal, particularly wben overseas sites are in areas where there is little or no resale market.

But, on most occasions, heavy plant is sold locally or shipped to nearby markets, or sometimes it can be moved to other construction sites where the operating company or members of a consortium are working. In general, the value of equipment is written off over varying periods which range from one to five years.

The cost of construction equipment used in this way also varies between perhaps 10 per cent of the value of a project when there is a high proportion of building work while it can rise to 50 per cent or more where a great deal of earth moving is involved such as on-road constructions schemes.

In both cases, however, reliability and availability of spare parts or back-up equipment is regarded as vital since serious breakdowns can add large sums to the cost of work and have serious effects on profits.

The average working life of road-building equipment will vary from contractor to contractor, and will depend, of course, on the way the equipment is used.

One of the major British companies involved in this kind of work abroad is Tarmac, which prides itself in the efficiency with which it uses its machinery, due largely to the use of a computerised system which allows the company to change parts of its fleet at the right time.

In the UK, around 30 per cent of the plant that the company bas in use at any one time is hired, and more than half the rest would be adapted to the computerised system which works by calculating in terms of working months per machine and discounting the resale price against the cost of a new replacement machine.

Some construction companies bave recently been looking more seriously at second-hand plant in the UK which can be refurbisbed before being shipped abroad, thereby keeping costs down.

Considerable efforts are also made by companies to provide on-the-spot maintenance, often through the provision of machining facilities which enable them to virtually rebuild equipment for further use or before resale.

Suppliers of equipment, particularly the bigger companies, such as Caterpillar, also go to considarable lengths to ensure that spare parts are readily available to be air-freighted, if necessary, to remote areas.

Middle East

Ona of the best markets for equipment resale remains the Middle East, where there bas been a large amount of plant available, as well as enough projects to maintain a staady demand. Even the large quantity of second-band equipment which bas resulted from the £300m Dubai Dry Dock project (undertaken jointly by Costains and Taylor Woodrow) has been sold fairly easily.

Cranes are one of the most sought-after types of equipment in the Middle East; more than 60 bave been sold after use on the Dry Dock project, for example. Smaller items however have been somewbat more difficult to dispose of.

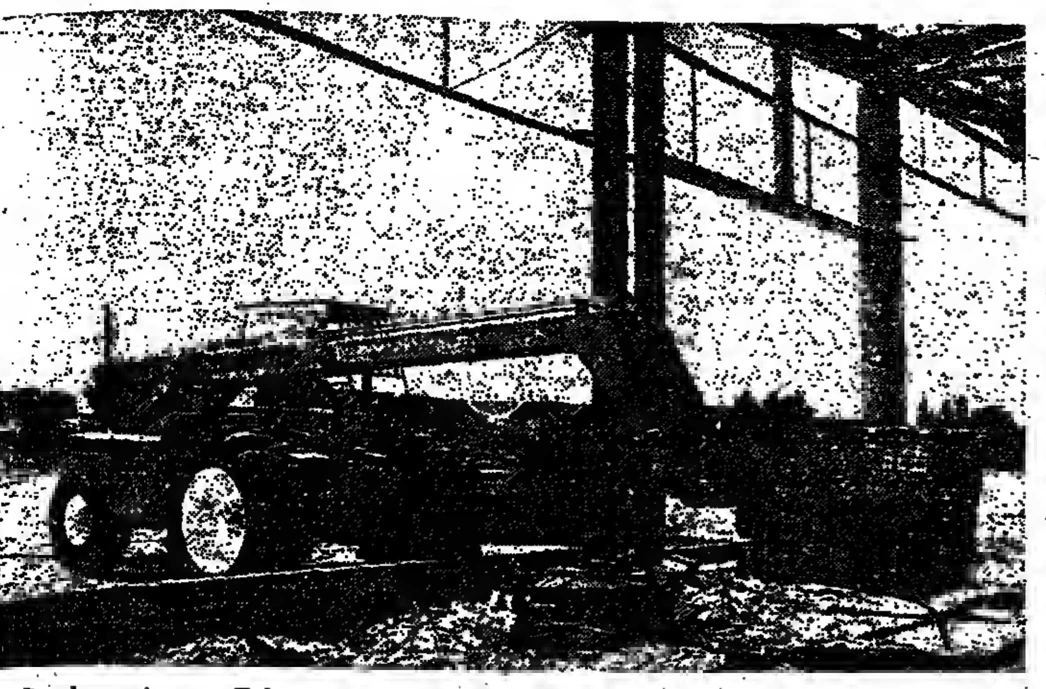
Another result of all the construction activity in the area bas been the development of a role for middle men in the placing of second-hand equipment, mucb of it in good condition, despite the poor operating conditions in the area.

The Middle East has also been used, on occasion, as a market for equipment formerly used in Africa, and is also a market for buyers from surrounding countries.

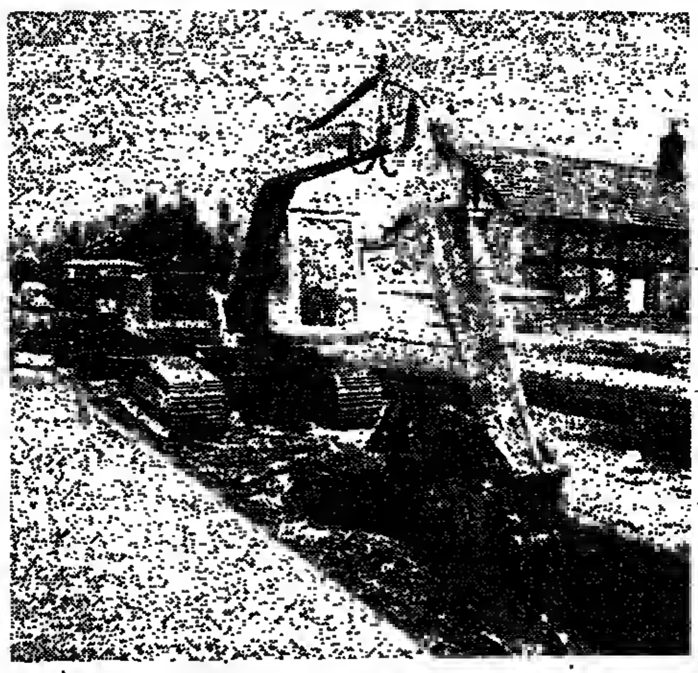
From a contractor's point of view, the location of various types of plant and equipment can be of considerable strategic importance wben bidding for new work. For example, a company with a stock of equipment already in the Middle East is well-placed to bid at a lower price than its competitors for aoother contract nearby, where the same equipment can be used.

But a major requirement of the construction companies operating overseas remains reliable and robust equipment, with assured back-up from the manufacturer, since completioo of a job on time, and without cost over-runs, is the prime consideration. If the quality of the equipment is such that it allows tbe company to refurbish it for sale at a good price, or to re-use it on other projects, then tbat is likely to mean that further purchases of the equipment are assured.

Drainage work being carried out in the Sultanate of Oman on the Yahya-Costain Gubrah housing project



Sanderson's new Teleporter: this forward-reach, materials' handling vehicle has a lift capacity of 2,250 kg (5,000 lb) to a maximum lift height of 6.5 m (21 ft 6 ins). It has a 2WD, 78 h.p. (58.2kW) diesel engine



This 11-ton Mustang-108S hydraulic excavator, designed and built in Hull by Priestman, is attracting a good number of export orders

Specialisation is the name of the game

NORDIC PRODUCERS

WILL DULLFORCE

THE NORDIC construction equipment industry is going through a process of reorganisation and specialisation. In broed outline, the Finns are taking over in the forest mechinery field whila the Swedes concentrate on civil engineering.

The dominating company is Atlas Cnpco with world-wide group sales of SKr 5.3bn (£536m, $1,27bn) in 1979. Its air compressors are widely used in the construction business and it is a world leader in drilling equipment for tunnelling and mining, but the mainstream of its products may be said to fall outside the construction equipment category.

There are several smaller manufacturers, mainly Swedish, which have a foot in the business, but are less well known outside the Nordic area. Linden-Alimek makes cranes and boists but also produces concrete vibrators and has a subsidiary, Tremix, offering concrete flooring equipment. Akerman makes excavators, and Hiab-Foco, which with a 1979-80 turnover of SKr 925m claims to be the world's leading manufacturer of hydraulic vehicle loaders, applies its hydraulic techniques to excavators, wbeeled loaders and other construction equipment as well as to trucks.

In Finland, Lokomo, a subsidiary of the Rauma-Repola Group, produces excavators in the 20-32 ton range and road graders which it exports to some 40 countries.

The two companies specialising in construction equipment are Volvo BM, which belongs to the Volvo car and truck group, and Dynapac, a subsidiery of Euroc, the building materials and industrial group.

Key word

"Specialist" is the key word in both companies' philosophies, widely differing though their histories and approaches may be. Both started to reorganise themselves in 1978. Dynapac has made its name world wide as the specialist in dynamic or vibratory compaction techniques. It is now cautiously widening its prodnct range into asphalting equipment.

By contrast Volvn BM is slimming, disposing of its tractor end forest machinery lines tn Valmet of Finland, and concentrating on construction equipment. By the mid-1980s it aims to offer a broad range of wbeeled loedera, dumpers and beavy back-hoe loaders.

It is already the leader in articulated dnmpers, in which it estimates that it acconnts for 60-70 per cent of world output. These dumpers make up abont 20 per cent of Volvo BM's total construction equipment output and face no major competitor.

In the wbeeled loadars, which account for 60 per cent of its construction equipment sales, the Swedish group is challenging Caterpillar in Europe.

Europe is Volvo BM's main market and its prodnction base is Sweden, wbere labour unit costs are heavy, even if they ara offset hy bigh productivity. Dynapac, the smaller but more specialised concern, operates with a mucb broeder geographical spread and bas prodnction units in the U.S. and Brazil as wall as in Sweden.

Last year, while pushing through the restructuring of its operations decided in 1978, Volvo BM was still able to show e remarkable profit recovery. It hounced heck from a pre-tax loss of SKr 109m on a SKr 1.77bn turnover in 1978 to SKr 100m (£10.1m, $24m) pre-tax profit on sales of SKr 2.3bn.

The 1979 profit was boosted, however, by the recovery of nearly SKr 15m of the SKr 50m in costs charged against the 1978 earnings as depreciation of forest machine inventcries. The charge was levied wben a merger of the three Swedish forest machine menufacturers was being negotiated. The errangement collepsed and Volvo BM was able to arrange a merger of its forest mechinery operation witb that of Finland's Valmet, entailing a more fevourable liquidation of its stocks.

Mr. Eric Johanson, Volvo's BM's managing director, describes 1980 as "a rough year" with e declining overall market for the company's products. He nevertbeless believes Volvo BM has increased its market sbare in Europe. Sales and earninga will be approximately the same as those recorded last year, Mr. Johanson anticipates, but whereas construction equipment accounted for SKr 1.25hn of last year's SKr 2.3bn turnover it will reach SKr 1.5bn this year.

Other products are being pbased out. The 1980 figures, for instance, will not include combined harvesters and fewer farm tractors. Profitability, meesured as pre-tax income in relation to sales, was around 7 per cent last year for construction equipment and should be meintained this year.

In the 1979 annual report, Mr. Johanson suggested that an overall profit level of 7 to 8 per cent was required to "safeguard the company's position as an independent manufacturer and marketer of construction equipment." He also anticipated that during 1980 and the next few years earnings would be held beck by restructuring costs.

Vnlvo BM's restructuring strategy is to defend its market position in three products where it is already strong in Europe and gradually to penetrate other markets with these products. They are wbeeled loaders, where it has about 15 per cent nf the European market; beavy duty back-hoe loaders, where it is up against J. I. Case's much wider range but wbere it bas a considerable share of the beavier segment; and the articulated dumpers, in which it is world leader.

Prodnct development is being concentrated at a new technical centre in Eskilstuna, in whicb the company is investing SKr 110m. Mr. Jobanson estimates that Volvo BM's research and development spending is ebout 30 per cent higher than that of its American competitors. A basic philosopby is the continuous development of its own engines, transmissions and axles.

Last year Volvo BM exported 68 per cent of its construction equipment; some 92 per cent of Dynapac's group sales of SKr 668m (£67.5m, $161m) were made outside Sweden. Its U.S. subsidiary had a turnover of SKr 135m ($32m), an increase of 28 per cent, while the Brazilian unit recorded a decline to SKr 137m.

Dynapac is a specialist manufacturer which, in the words of Mr. Bengt Hylander, its information director, sees the world as its home. "Wherever contractors are at work, we will be there," he affirms. The company invests heavily in marketing and customer service. Its product development takes place in the U.S. and Brazil as well as in Sweden.

Vibration compaction is Dynapac's niche and within its speciality it is particularly strong in the heavy compaction used on large airfield end highway projects and dam construction. It bas about 25 per cent of the U.S. market for heavy vibrating rollers, for instance, and ranks as one of the big three, alongside Ingersoll Rand and Raygn in that market segment.

Dynapac's profitability has been sliding over the last two years. In 1978 it returned SKr 55.6m pre-tax on a SKr 592m turnover, dropping to SKr 29.8m on SKr 658m in sales last year. This year sales are expected tn exceed SKr 800m but earnings will be roughly the same as in 1979.

The bottom fell out of the company's Iranian market in 1979 and its Middle East sales have been further disturbed by the Iraq-Iran war this year. It bas also experienced some hitches in expanding its U.S. production. But, according to Mr. Hylander, their main reason for tha profitability decline has been the heavy spending on product development and on reinforcing the market apparatus.

Dynapac is introducing new rollers, has produced a vibrating cable plough and, after acquiring in 1978 a Swedish company specialising in asphalting, it has started to develop new equipment and techniques for the treatment of asphalt surfaces. These include a cold planer developed in the U.S.

EARNINGS (SKr)		
VOLVO BM	1978	1979
Sales,	1.77bn	2.3bn
of which construction equipment	1bn	1.25bn
Pre-tax earnings	—109m (loss)	100m
DYNAPAC		
Sales	592m	658m
Pre-tax earnings	55.6m	29.8m

Troubled joint venture looks to the future

ITALY

RUPERT CORNWELL

TO DISCUSS the Itallan earthmoving and construction industry equipment sector in isolation is impossible. Since 1974, it has been the theatre of a major experiment in multinational collaboration, when the relevant division of the Fiat antomotive concern, Italy's largest private group, was merged with Allis-Chalmers of the U.S. Thus far, though, the venture bas been something less than a total success.

In many respects it is an oddity. Quite apart from the problem inherent in combining two different cultures, Fiat-Allis is an exception in that it accounts for only 6 per cent of turnover of the parent group, whereas most of its competitors have a vertical structure, limited to the construction and earthmoving sector. But Fiat-Allis' consolidated sales of $900m in 1979 were aplit between two companies wbose bases are 4,000 milea apart: Fiat-Allis BV of Amsterdam, essentially responsible for European, Middle Eastern and African operations, and Fiat-Allis Inc. of Delaware, which handles business in North and South America and the Far East. Both are approximately three-quarters controlled hy International Holdings Fiat (IHF) of Zurich.

What is happening today is a continuation of the underlying problem thot has dogged the joint venture since its inception: the poor state of the key North American market. The U.S. is the world's biggest market for earthmoving equipment, and provides 30 per cent of Fiet-Allis sales. Bnt the sector suffers from heavy overcapacity, and in 1979 the group's share of the market for the major products of dozers and wheeled or tracked loaders slipped from 5.5 per cent to 4.9 per cent. The trend continued in the first balf of 1980; but happily things are not so bad elsewbere.

The difficulties in Nnrth America were mitigated by s strong performance in the major emerging markets of Brazil and Latin America and the Far East. The other balf nf the group, based In Amsterdam, drew great benefit from the buoyant state of the Italien market in particular (a reflection of the vigorous economic growth which has continued into 1980), and to a lesser extent of tbe French one. European sales rose 10 per cent in the first half, and total nntput nf Fiat-Allis climbed 9.9 per cent to 4,896 units, while sales rose over 4 per cent to 5,051 units.

Complement

In tbe longer run, the prospects may be brighter. Fiat seems tn believe so, and mnch of the L500bn ($600m) injection of new capital in IHF—which will fnllow the capital increase now scheduled by the Turin group—will be pumped into Fiat-Allis. The way the two ranges complemented each other, which was a strong argument for the merger in the first place, remains valid today.

The geographical spread of manufacturing facilities is also strong: from the three Italian plants (the one at Lecce is considered to he amongst the most modern in the world) to Essendine in the UK, Belo Horizonte in Brazil and Springfield and Deerfield in North America. The total workforce is 11,500. Signs are growing that the U.S. recession may be drawing to an end earlier than expected, while the coal industry, a major outlet for equipment, is likely to enjoy a medinm-term expansion at least, as the search for alternative energy to oil gathers pace.

For the moment the group's world market share of its three main prodnct llnes of dozers, crawlers end wheeled loaders is stagnant at just under 10 per cent. But soon Fiat-Allis will be fully geared up to bandle the rapid expansion of the hydraulic excavator and hackhoe machine sector. The group intends to concentrate on medium-sized machines, though a 42-ton model will be on sale within 18 months.

Strong performance may be in jeopardy

FRANCE

TERRY DODSWORTH

MORE THAN 2,000 jobs were lost in the French public works and construction equipment industries during the first six months of this year. At the same time, imports shot np, about 2.5 per cent of the companies in this sector closed down for good, and bours worked dropped by 17 per cent. The industry is clearly suffering a crisis which could now begin to affect its strong performance on international markets.

The current weaknesses have been caused by the combination of the slow-down in the Frencb domestic market and the increasing competition overseas due to tha stagnation of the world economy. During the past few years, the French construction equipment industries bave slimmed down considerably and reinforced their export efforts to insulate themselves against the vagaries of the French economy and spread their risks over as wide an area as possible overseas. Sloce 1973, 12,000 jobs have gone, while foreign sales have gone np by almost 20 per cent in volume.

But the blg improvement in productivity and turnover cannot go on indefinitely. In a recent exposé of the industry's problems, M. Robert Perrault, bead of the manufacturers' association, said that the collepse of many companies during the post-oil crisis period nf lnw grnwth hed left big boles in the French product range and destroyed some carefully developed overseas networks. In addition, the cut-back on staff meant that companies no longer had the available personnel for the increased effort required in export markets.

Like the rest of French manufacturing industry, the constructinn equipment producers are also facing the problems caused by the strong franc. There is no doubt that some orders are being lost because French prices are not competitive. Bnt there is equally little possibility of a change, given the present Government's resolnte refusal to let the franc slide and increase the cost of imports.

Pressure

Finally, the French have suddenly become aware of the intensifying drive of Japanese companies in this sector. The current view is that Japanese competition will grow particularly acute in about two years' time when the market in Japan itself becomes saturated. But already the pressure from this direction is being felt in many Third World markets, where Japanese products are sometimes undercutting French prices by 30 per cent—according tn the manufacturers' association. The Japanese are even beginning to build up sales in France while, adds the industry body, "it is practically impossible to penetrate the Japanese market." In earthmoving equipment, for example, France's deficit with Japan amounted to FFr 55m last year.

Despite the growing difficulties in overseas markets, the first half of this year waa marked by a reasonably high level of activity in France itself, supported by the sustained production levels in most of the rest of manufacturing activity. Outpnt went up by 18.6 per cent to FFr 5.1hn, some 6.2 per cent of which waa accounted for by volume increases. The figures elso show, bnwever, the weakening of French competitiveness in certain sectors. Imports rose by almost 42 per cent to FFr 1.7bn, cancelling out the effects of the increase in exports (up by 19 per cent to FFr 3.1hn) to leeve the industry with exactly the same surplus—FFr 1.4bn—as at the end of the same period last year.

Reverse

In the summer, however, home sales also began to go into reverse, and bave so fer shown no signs of an upturn despite the recent Gnvernment measures to encourage investment in industry. This policy sbould, in the longer term, help the construction equipment manufacturers, hut during the next 12 months it will probably do little more than compensate for next year's tigbt bndget provisions recently announced by the Government. The close control being maintained on State spending is going to mean a reduction of credits for public works sectnr, comprising roads, ports, canals and so on.

The market chenges of the past few years heve bad the effect of streamlining the industry as well as throwing a number of individual companies with a big stake in the world market more into prominence. Today, for example, France has a leading position in three sectors of the world industry — rough terrain fork lift trucks, hydraulic excavators and tower cranes — partly due to the effort to concentrate on specialised techniques where the country's mannfacturers beve developed a technical leadership.

One nf the most nutstanding of these concerns is Manitou, a manufacturer of rough terrain fork lifts used for lifting jobs on building sites. Manitou claims to be the largest group of its type in the world, serving more than 50 per cent of the market. Privately owned with a workforce of over 1,000, the company does not publish volume figures, but it is clear from its competitors that it bas established a dominant positinn through effective design and a strong overseas marketing network, both inside and outside the EEC. Recently, Manitou has begun to add to its product range, much of which is assembled from mechanical parts produced outside the company, by importing a range of Japanese fork lift trucks made by Toyota of Japan.

Alongside Manitou in this sector, France also hes another contender on a world scale. Although not as big as its competitor, Sambron bas a similarly international outlook, with a strong position in EEC markets, but healthy business in other parts of the world, particularly North Africa and the Middle East.

Sambron has recently intervened in the hydraulic excavator sector to take over Richler, a technical leader in its field, but a finencial feilure during the 1970s under the ownership of Ford. This acquisition, which also brought Richier's range of rollers, concrete mixers and crushers into the group was smoothed by a Government soft loan to help the company get back on its feet while developing new overseas markets like the Middle East.

The other big French hydraulic excavatnr manufacturer, Poclain, has also seen a change of ownership recently with the acquisition of 40 per cent nf its shares hy the U.S.-based Case-Tenneco group about three years ago. Since then, the group has swung back into profits, mainly, it seys, because of the confidence created in its future by the financial backing of a major group, although it was also helped by some reorganisation of joint overseas sales networks.

Dominant

In tower cranes, France bas established a strong position through Potain, reckoned to be another dominant world company in its sector; and the country also has a significant multinetional productinn presence in International Harvester, the U.S. group. IH runs its French subsidiary es part of its integraled European network, importing huldozers and crawlers from the UK, and wheeled loaders from West Germeny, but making excavators for the whole of its world business in France.

Most of these big prodncers tell the same story this year. Activity has been sustained in France during the first half, but bas been very uneven overseas. None of them feel that the Government is doing enough to give them healthy prospects in France dnring the next 12 months, wbile the overseas situation bas taken a gloomy turn with the Iran-Iraq conflict.

It is because of these negative factors that the French manufacturers' associatinn recently launched an appeal to the Government for a concerted support programme for the industry. It wants the administration to help with financing for some elements of overseas sales, while taking a more positive attitude tn foreign investment which could help the French exporting industries. It suggests, for example, that the Government could take participations in big mining projects overseas whicb would then provide orders fnr French equipment. Whether the Government will respond to these appeals is another matter, but it can hardly remain totally indifferent to an industry which produced a trade surplus of FFr 3.3bn last year.

WORLD STOCK MARKETS

Firmer early Wall St. tone

A SLIGHTLY firmer tendency prevailed on Wall Street yesterday morning in fairly active trading, despite a Prime Rate rise to 14½ per cent from the previous 14 per cent by several major banks.

Analysts said a higher prime had been expected, although many thought it would not come before the election. The steady tone for the market, they added, reflected in part, a belief that Ronald Reagan "won" the Presidential debate on Tuesday night with President Carter. Wall Street is more in favour of Reagan because of his conservative economic views.

The Dow Jones Industrial Average was a modest 1.03 up at 933.62 at 1 pm. The NYSE All Common Index firmed 28 cents to $74.12 and gains held a seven-to-six ratio lead over declines. Trading volume came to 25.51m shares, against the previous day's 1 pm figure of 28.71m.

Motors were firm despite reports this week of heavy third-quarter losses. General Motors added ¼ to $49⅞ and Ford Motor ⅛ to $25⅛, although Chrysler were unchanged at $7¾.

Exxon raised its dividend but slipped ⅛ to $77⅞.

Bethlehem Steel puts on ⅛ to $25⅞. It reported a $32.3m third-quarter loss but said it would be profitable in the fourth-quarter.

THE AMERICAN SE Market Value Index, however, fell 4.28 to 361.31 at 1 pm on volume of 4.33m shares. The index was mainly dragged down by sharp declines in some Canadian Oil and Gas issues, hit by Canadian Budget proposals to increase Canadian ownership of oil and gas production to 50 per cent by 1990.

Canada

Markets mainly reacted favourably to the Federal Budget, with most sectors advancing in heavy early trading.

Banks and Mining companies were broadly higher after feared profit surtaxes on these industries failed to materialise in the Budget. However, the planned increased Government ownership of parts of the energy industry, combined with higher Federal taxes on oil and gas, dragged leading Oils down.

The Toronto Composite index rose 18.3 to 2,340.2 at noon, while Golds advanced 205.0 to 5,776.9, but Oil and Gas fell 159.2 to 5,843.5. In Montreal, Banks surged ahead 19.88 to 384.98.

Tokyo

The market rallied yesterday in fairly active trading following the easier tendency of the past seven trading days, with many Blue Chips moving strongly ahead.

The sharp reversal of the yen's recent downtrend against the U.S. dollar enlivened buying interest as many dealers anticipated a return of foreign investors for Japanese stocks.

The Nikkei-Dow Jones Average picked up 25.09 to 7,113.53 and the Tokyo SE index 1.68 to 493.54. Advancing issues outpaced declines by 314 to 202 on the First Market section after volume increased to 350m shares from Tuesday's 200m.

Among Video Tape Recorder Manufacturers, Matsushita Electric, following increased third-quarter consolidated net income, rose Y24 to Y901, while Victor of Japan climbed Y110 to Y2,380. Other Light Electricals also moved sharply ahead, Sony adding Y50 at Y3,090, TDK Electronic Y60 to Y3,160 and Sharp Y28 to Y702. Nippon Electric gained Y16 to Y585 after higher half-year profits.

Camera Manufacturer Canon advanced Y35 to Y765, while Fuji Photo Film put on Y25 to Y795 and Olympus Y40 to Y1,290. Oil and Pharmaceutical issues also attracted demand, Teikoku Oil rising Y70 to Y1,160 and Green Cross Y60 to Y1,970.

In contrast, Trading Houses declined, C. Itoh losing Y9 to Y423 and Mitsui Y12 to Y360. Steels and Shipbuildings were also lower.

Germany

An easier tendency continued to prevail in thin, nervous trading, with the continued weakness of the Deutsche mark and Bond prices still undermining sentiment.

Public Authority loans sustained further falls ranging to 50 pfennigs and the Bundesbank bough DM 75.1m nominal of paper, after net purchases on Tuesday of DM 40m. Of this DM 75m, DM 7m was taken up by purchases of the new Federal Loan stock, which traded at a point below its 99 per cent issue price. Mark Eurobonds also fell afresh.

Paris

A fairly widespread improvement occurred in heavy trading, with gains leading falls by 120 to 56 in the French section and by 44-to-12 in the Foreign section.

Traders said investors had been encouraged by a decline in French domestic interest rates. The Call Money rate was pegged at 10¾ per cent yesterday, its lowest level in more than 13 months.

Oils were strongly favoured, with Esso showing a gain of 7 per cent at the closing bell, but Motors and Metals were generally easier sectors.

Switzerland

Prices firmed on selective demand at the start of the new Account, with the better performance of the Bond market aiding sentiment. The Swiss Bank Corporation Industrial index put on 2.4 to 304.0.

Hong Kong

Shares mainly relinquished more of their recently gained ground, sentiment depressed by market fears of an increase in local Prime Rate when the Exchange Banks Association meets this Saturday. The Hang Seng index receded 20.55 to 1,451.38 following a decline of 7.43 on Tuesday. There was another large turnover on the four exchanges of HK$672.33m, compared with the previous day's HK$626.42m.

Australia

Pre-occupation with the approaching U.S. Presidential election and the unresolved hostage situation in Iran led to further generally quiet and cautious trading with no decided trend again emerging.

However, the Oils sector continued to provide a number of bright spots on good demand. Among Amadeus Basin interest holders, Transoil rose 70 cents to A$2.90, Oilmin 40 cents to A$4.00, Magellan 20 cents to A$11.20 and Flinders 5 cents to A$1.95. Farm-in operator Pancontinental Petroleum added 4 cents at 75 cents.

Ampol Exploration advanced 15 cents to A$3.20 and Santos 20 cents to A$16.00, but Woodside Petroleum receded 8 cents to A$3.40.

The Rundle shale oil partners rose afresh, Central Pacific by 90 cents to A$10.00 and Southern Pacific by 20 cents to A$3.75.

North Flinders, up 30 cents on Tuesday following a cobalt discovery, continued to move ahead, adding 20 cents at A$3.10.

On the Industrials boards, Tooth were up 5 cents at A$2.13 and Hooker also 5 cents firmer at A$1.25 following rumours that their joint property development venture was doing well.

Johannesburg

Gold shares improved in moderate trading to close at the day's best levels, responding to the rise in the Bullion price. Heavyweights recorded gains to 500 cents, while Medium-priced issues and Lightweights were up to 125 cents higher.

Closing prices for North America were not available for this edition.

EEC row over feedstock sales to Russia

BY LARRY KLINGER IN BRUSSELS

THE SIMMERING rw here aver exactly what are "traditional" exports to Russia, could become considerably more heated following the Eurapean Commission's discavery that approved cootracts for 500,000 tonnes nf animal feedstock cantaining grain are bound for the Sovict Union.

The EEC cereala management committee this week temporarily suspended subsidies far possible exports of these products after helng informed that some traders, understood to be twa West German campanies, are to expart large quantities of feedstock containing processed grain, to the Sovlet Union.

The 500,000 tonnea appraved for export may have a grain conteot of about 30 per cent and therefare could attract a subsidy af more than £1m at the present rates.

While the precise composition of these products were nat known, the Commisslan thinks that their grain content would push the tatal grain exports contemplated for the Soviet Union, over the limit.

The European Community, under a decision taken by its Council of Foreign Ministers nn January 15, has undertaken nat to increase its "traditional" exports of grain ta the Soviet Union, so as nol to undermine the U.S. embargn imposed in January in protest at Russia'a invasian of Afghanistan.

However, far some weeks now, just what quantities "traditianal flows" should include has been an issue of dispute among the EEC member countries' permaoent represeotatives in Brussels.

The cereals management committee will again take up the subject of processed animal feeds today. It is likely ta remove the temporary suspension but ta extend to these products the "reflectian period" that already applies ta unprocessed grain.

This is a five-day period ta allow far study of each applicatian, including the proposed destioatian. Until now, processed feedstocks, which includa other products such as milk powder and glucose ln addition to grains, recelved approval automatically.

While the cereals management committee acted quickly in an effort to hring processed grains under export control, the licences already approved will almost certainly ga ahead. Unless, as ane commission official said, the traders "have a change of heart."

● Current low UK market prices fnr beef and cereals is causing the Interventian Board far agricultural produce ta dig deep in its pockets, Mr. Peter Walker, Agriculture Minister, disclosed yesterday.

In a Commons written reply be said the Board was making substantial increases on interventian purchases and the beef premium scheme, and a winter supplementary estimate would be required.

Mr. Walke raid: "an advance of £25m from the contingencies fund was made on September 29 and further advaoces of up ta £40m may be required.

British fish exports up

By Our Commodities Staff

BRITISH FISH exports have risen this year but are still well below the imports total.

Figures published by the White Fish Autharity yesterday show that exports of human consumptian fish rose ta nearly 250,000 tannes in the first nine months, 15 per cent up from the same period last year.

But at £96m th evalue at the exports was still less than half the £198m spent an imports. Export receipts were £13m np from last year while the cost of imports was little changed.

The Authority said three quarters of the tonnage exported was mackerel hut this species acconnted for less than a quarter of the earnings. Shellfish contributed a third of the export value.

The first quarter accounted for nearly half the nine months import total, illustrating the recent decline in imports, the Autharity said. Prices for imported fish cantinned to he mnch lower than last year's with the exception of cured, prepared or preserved products.

The main suppliers of fresh and frozen fish were Norway and Iceland. Imports from Holland and Denmark have increased substantially.

The Autharity estimated white fish consumption in the first half of 1980 at nearly 300,000 tonnes, np 3 per cent from a year earlier.

Imports represented over 56 per cent nf supplies available far huma neansumptian compared with 50 per cent last year.

EEC FISHING POLICY

Crunch yet to come

BY RICHARD MOONEY

BRITISH NEGOTIATORS at this week's EEC fisheries meeting in Luxembourg are quiatly pleased with the progress made, though they freely admit that the crucial problem of slicing up the European "fish cake" has not yet been tackled in earnest.

Interviewed by the Financial Times in London yesterday on his return from Luxembourg, Mr. Alick Buchanan-Smith, the UK agriculture Minister with special responsibility for fisb, said he was well aware that "the crunch stage has still tn come."

With nearly all member countries aiming to improve an the quotas suggested far them hy the EEC Commissian, the next Fisheries Council meetiog on Navember 17 and 18, when the bard hargaining is likely to begin, promises to he an extremely lively affair. But Mr. Buchanan-Smith believes Britain's position was strengthened significantly at Tuesday's meeting.

It waa acknawledged, he claimed, that insufficient allawance had heen made in the Commissian'a figures for Britain's lost fishing opportunities outside Cammunity waters resulting from the general adaption af 200-mile coastal limits. It was alsa widely accepted that too much of the "accidental" hy-catch of human consumptian species by industrial (fishmeal) vessels had been included when calculating their rountries' historic perfarmances in catching table fish.

Denmark is Europe's biggest lodustrial fishing nation by far and therefore the main poteatial beneficiary of the alleged miscalculation. But Mr. Buchanan-Smith resisted the tempiatioo to paint aut that Mr. Finn Gundelacb, the EEC Agriculture Commissioner, is a Dane.

A third complication to warking out EEC fishing quotas is the Cammunity's commitment to make special allawances for areas heavily dependent an fishing. Some members have suggested toa much weight has heen given In the Cammission proposals ta this questian—which affects only Britain and Ireland—but Mr. Buchanan-Smith said the point was not pressed too strongly on Tuesday.

The main complaiot on this came from the British, wha pointed out that Southern Irelaod had been treated much mare generously than Northern Ireland. (The EEC fisheries director, Mr. Eamon Gallagher, is an Irishman but Mr. Buchanan-Smith drew no conclusion from that either.) The Commissian has promised ta have another look al the matter.

The British are entitled to assume that recansideration of these questions will result in a basic formula mare favaurable ta the UK. But the fact remains that the total EEC catch in any ane year is a finite figure hased on recommendations by impartial scientists. Aoy extra given to Britain will have to be taken from someane else and no one is likely to occept a reduced quota without a fight.

Mr. Buchanan-Smith admits this is a problem. but be is not daunted. "Quota figures far 1980 are now academic," he said, "so we are really talking about 1981, for which tatal allowable catches (TACs) have not yet been set." He thaught aggregate 1981 TACs might be a little larger than this year's.

As a result, it might be possible to raise the actual tannages allotted to same countries and still increase Britain'a percentage share. He said Britain bad consistently argued about getting an equitable share of EEC fish resources rather than specific tonnages as had other countries. "We are anxious to get maximum staying power out af the deal so that we don't have to hegin baggling about shares afresb every year," he stated.

He alsa emphasised Britain's determination that no agreement would be made on guntas without a related agreemeot on access. Britain wants exclusive access (subject to historic rights) in a 12-mile coastal band and preferential access up to 50 miles.

One paint Mr. Buchanan-Smith found particularly encauraging was that Britain was not without support an any of its main arguments. The Germans backed its stands on third-country losses and industrial by-cotches, while the French shared its concern on the latter. On the questian of special treatment for communities heavily dependent on fishlog, it had the support (hardly surprisingly) af Ireland. The Minister contrasted this situation with that faced hy Labour Farm Minister Mr. John Silkin, who almost always found himself in a minarity nf ane at the Fisheries Council.

Scottish milk protest continues

SCOTTISH Milk Marketing Board leaders decided yesterday to continue their two-week-old co-respansihility levy protest in spite of Government requests for them ta review their decisions.

On October 4 Mr. Bab Lammie, SMMB chairman, hurned a cheque far £176,000 instead af seoding it to the Interventian Board for Agricultural Produce in payment af bis producera co-responsihidity levy for the three months from June 1.

He complained that the levy, designed to discourage over production, was hath "unfair and iniqutioua especially as milk output in Scotland was steadily declining and was certainly not contributing ta the EEC'a dairy surplus.

A special meeting to review the decision tn withhald payment decided to continue the protest.

Sugar tender down

BY OUR COMMODITIES STAFF

EEC SUGAR exparts were cut again this week re-establishing the dawnward trend which was interrupted last week. At yesterday's weekly export tender licences were issued rovering the expart of 57,000 tonnes of white sugar. Last week the total was 64,250 tanoes up fram 57,050 an October 16 but this bad been preceded by a decline which hegan after autharisatiana reacbed 78,950 tannes an Octaber 2.

At this week'a tender the EEC Cammission set an expart levy af 18.738 European currency units, dawn from 20.641 ECUs a week ago.

World sugar prices rose oo the warld market continuing an advance which hegan in late dealings on Tuesday. The March position on the London futures market climbed to £415.50 a tonne at one stage before closing £5.90 up an balance at £409.125 a tonne. This ended a decline which had wiped £40 off nearby delivery prices in two weeks.

Dealers said the recovery was encouraged hy speculative huying against rumaurs that Iran bad hought 50,000 tannes of raw sugar. Cancern over the Russian crop remained a background factar they added.

Also influencing the market early an were forecasts that beavy exports wauld be authorised at the EEC tender. Disappointment at the low level of allatmenta was thaught ta be a factar in the late decline.

In New Delhi, the Indian Sugar Milla Associatian sald India's sugar praductian in the 1979-80 seasao ended September 30 was 3.9m tnnnes against 5.86m tonnes in the previoos season, reports Reuter.

Factory stocks an September 30 were 617,000 tonnes against 2,063m toones a year earlier. Total offtake was 5.10m tonnes for damestic consumption and 239,000 tanaes for exports compared to 6.228m tonnes and 856,000 tonnes respectively the previous season.

Production io September 1980 was aboot 12,000 tonnes

Boost to Italian olive oil output

ROME—Italian olive nil production shauld reach about 635,500 tannes this year, some 34 per cent up on 1979, the agricultural market research institute, Irvam, said.

Its forecast is based on an estimated olive crop of 3.25m tonnes, of whicb 3.1m is likely ta be used for oil production, it said.

Average oil content is estimated at 20.5 per ceot, the same as last year.

Irvam said bigher nutput reflected the return to production nf trees affected by frost in tha winter before the 1979 seasoo. Reuter

No support for UK lamb export

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE UK lamb market has weakened again this week. The Meat and Livestock Commission's latest calculatian is that the averall price an which the variable premium is based will he in the regian of 94 pence per kilo. This means that ta meet the guide price of 163.6p under the new EEC sheepmeat regime the guarantee payment will he close to 70p as against 60.3p last week.

This market price is nearly 20p below the September average price of 112.8p a kiln. This is possibly the result of an excess of lambs on the market, due ta farmers holding back their lambs to gain the increased guaranteed price due on October 20. But the market overall is much lower than it las last year.

This is partly due to an increase in the oumber available, up hy about 10 per cent, and also because there appears ta have heen some cansumer resistance ta sheepmeat generally, due ta recessian. Pigmeat, hy contrast, is firmer in price, as compared with a year ago.

The problems of the exparters bave not heen eased at all; in fact, things are mare difficult in many respects in all markets except France. The price at Ruogis in Paris, as calculated hy the MLC, waa 195p a kila early this week, which, given a guide price of 163p per kila, would seem ta affer scope for a sizeable inducement ta export to that market. Hawever, it is claimed that the Freoch huyers are being cautious in the prices offered. One source named a price of 175p a kila delivered to Paris, which would seem, if true, to leave the Freoch importer with a very generous margin.

But the exparter daes not anly have ta meet the rapacity of the Freoch, when making bis calculations. He has to pay a "clawback," equivalent to the subsidy af the week in which the lamb is exparted. Suppase, for the sake af example, this week's clawhack is 70p a kila hased on an average af 94p a kila.

The type of lamh suitable for export ta France is usually af a higher quality than the average, which cauld he reflected in price by as much aa 10p a kila. His lamb for export could be costing him in total market price plus clawback well over 170p a kiln, on tap of which he would have bis expenses to meet and secure a profit. A very tight margin indeed.

If, as many of the larger wholesalers do, he huys direct frnm farmers at the guide price includiog the equivalent of the subsidy he pays up within a few days hut then has ta wait far several weeks for recoupment from the Interventian Board. Meanwhile, if he has exported the lamb, he has to find the "clawback" paymeat immediately.

Because the French market has been rlosed far mast af the summer, exparts to other European markets had increased natably ta Belgium aod Germany and some third country markets. These had been supparted hy the UK subsidy, which had heen at a high level. Now that the clawback has to he paid on exports to these markets, the prices ruling there, which are significaotly belaw those in France, da oat appear ta leave aoy margin at all far exporters, unless the cansumers in those countries can he induced ta pay higher prices for lamb. There Is nn doubt that the UK subsidy was good for some Eurapean appetites.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Marginally Ormer in quiet trading on the London Metal Exchange. After moving up to £885 in the morning Rings, reflecting modest fresh buying intorosl and the firmor gold price, forward motal foll away to £879.5 owing to orofil-tahing. In the alternoon three months moved narrowly prior to closing the late Kerb at £882.5. Turnover: 18,700 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	852-3	+3	853-4	+7
3 months	880-1	+4	881-2	+7.25
Settlem't	853	+3	—	
Cathodes				
Cash	824-5	+4	828-30	+11
3 months	851.5-2	+3	854-6	+9
Settlem't	825	+4	—	.....
U.S. Prod		......	*98.5-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £882, 82.5, 82, 81, 80.5, 80, 80.5, 79.5, 80, 80.5. Cathodes: cash £824, three months £851. Kerb: Wirebars, three months £882, 83, 82.5. Afternoon: Wirebars, cash £853.5, three months £882, 82.5, 82, 81.5, 81, 80.5, 81, 82. Wirebars, three months £881, 82.

TIN—Marginally easier in quiet trading with forward metal easing from £6,880 on the pre-market to close the afternoon Kerb at £6,815 following modest long liquidation and stop-loss selling. Turnover: 825 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6790-800	+19	6750-60	—40
3 months	6860-5	+2	6820-30	—30
Settlem't	6800	+19	—	......
Standard				
Cash	6790-800	+18	6790-800	—40
3 months	6860-8	+5	6850-60	—30
Settlem't	6800	+19	—	......
Straits E.	‡$2105	+20	—	......
New York	—	......		

Morning: Standard, cash £6,800, three months £6,860. Kerb: Standard, three months £6,865. Afternoon: Standard, cash £6,760, three months £6,840, 30, 20. Kerb: Standard, three months £6,810.

LEAD—Lost ground following hedge selling and stop-lose selling which depressed forward metal from £368 on the pre-market to a day's low of £355 prior to a close on the late Kerb of £356.5. Turnover: 14,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344-5	—2	342-3	—6
3 months	360-.2	—5.25	357-8	—6.75
S'ment	345	—2	—	......
U.S. Spot	—	......	*42-45	......

Morning: Three months £364, 63, 62, 61, 60, 59, 58.5, 59.75, 60, 60.5. Kerb: Three months £362, 61, 61.5, 61. Afternoon: Three months £362, 63, 61, 60, 59, 58, 57. Kerb: Three months £358, 56.5, 58, 55, 54, 55, 58, 55, 56.5.

ZINC—Barely changed in quiet trading with forward metal finally £341 on the late Kerb. Turnover: 5,225 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	338-.5	+8.5	329-30	—2
3 months	342.5-3	+2	341-.2	—.5
S'ment	332.2	+2.5	—	......
Primw'ts	—	......	*37.5-37.75	—

Morning: Three months £343.5, 44, 43.5, 42, 43. Kerb: Three months £343, 42.5. Afternoon: Three months £343, 42, 41, 42, 41.5, 41. Kerb: Three months £342, 41.5, 41.

ALUMINIUM—Slightly firmer. Forward metal opened higher at £688 on rumours of a breakdown of the talks aimed at averting a strike at Alcan's Kitimat smelter in Canada, but later eased to close the late Kerb at £683.5. Turnover: 5,375 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	658-9	—.5	657-8	+3.5
3 months	684-5	—1.25	684-5	+5

Morning: Three months £686, 85, 84.5, 85. Kerb: Three months £685. Afternoon: Three months £684, 85. Kerb: Three months £684, 83.

NICKEL—Moved narrowly in 1 he £2,730 to £2,740 level for three months metal before ending the day at £2,735. Turnover: 162 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2697-9	+5.5	2695-700	+8
3 months	2737-8	+18.5	2755-9	+4.5

Morning: Three months £2,735, 40. Afternoon: Three months £2,735, 30, 35. Kerb: Three months £2,735.

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

SILVER

Silver was fixed 15.6p an ounce higher for spot delivery in the London bullion market yesterday at 783p. U.S. equivalents of the fixing levels were: spot $19.125, up 48.5c; three-month $19.792, up 48.2c; six-month $20.544, up 49.9c; and 12-month $21.954, up 62.8c. The metal opened at 772p-780p ($18.85-19.05) and closed at 783p-791p ($18.10-19.30).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	783.00p	+15.5	784.5p	+23.5
3 months	814.20p	+13.5	812p	+18.9
6 months	842.20p	+17.1	—	......
12months	905.20p	+22.4	—	......

LME—Turnover 73 (137) lots of 10,000 ozs. Morning: Three months 818, 19.5, 20, 18, 19, 18, 18.5. Kerb: Three months 819, 20. Afternoon: Three months 820, 17, 18. Kerb: Three months 815.

COCOA

Cocoa futures remained steady throughout a featureless day with prices trading quietly at the existing life of contract lows. Physical business was less active due to producers being withdrawn from current levels, and also the consumers after their recent purchases now preferring to await a further decline in prices, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec.	923-924	+1.0	9984-17
March	954-955	+2.0	9965-58
May	982-983	+2.0	983-978
July	1003-03	—1.0	1002-991
Sept.	1024-25	+4.0	1025-15
Dec.	1046-48	+2.5	1048-41
March	1064-73	+4.0	1051

Sales: 2,256 (4,499) lots of 10 tonnes.

ICO Futures—Daily price for Oct. 28 101.02 (104.42); 10-day average 104.55 (105.11); 15-day average 104.93 (105.18).

COFFEE

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
Nov.	1052-53	—13.0	1056-47
January	1080-81	—14.0	1086-80
March	1045-46	—10.0	1050-45
May	1051-52	—7.0	1058-49
July	1253-56	—8.0	1059-55
Sept.	1257-58	—10.0	1051-50
Nov.	1252-59	—12.0	—

Sales: 1,481 (1,679) lots of 5 tonnes.

ICO Indicator prices for October 28 (U.S. cents per pound). Other Mild Arabicas 125.00 (127.00). Robustas ICA 1976 126.00 (127.00). ICA 1968 126.25 (127.25). Unwashed Arabicas 209.00 (208.50). Comp. daily ICA 1968 157.08 (157.52).

GRAINS

LONDON GRAIN FUTURES — Old crops opened 50p-60p higher in active trading. Values increased on good shipper and commercial buying, mainly on wheat. Some profit-taking was seen on the close but values closed steady £1.35-£1.40 higher on wheat, and 70p-80p higher on barley. New crops saw little interest and gained 10p on the day, reports Acli.

M'nth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Nov.	98.72	+1.55	85.05	+0.70
Jan.	102.70	+1.40	97.50	+0.80
Mar.	106.60	+1.35	101.45	+0.88
May	112.70	+1.40	105.22	+0.70
July	114.70	+1.35	—	—
Sept.	98.00	+0.10	94.75	+0.15

Business done—Wheat: Nov. 98.80-98.00, Jan. 102.80-101.80, March 106.75-105.65, May 112.85-109.90, July 114-65-114.35, Sept. no trade. Sales: 510 lots of 100 tonnes. Barley: Nov. 93.35-92.80, Jan. 97.70-97.10, March 101.70-101.15, May 105.45-104.80, July no trade, Sept. 94.75-94.75. Sales: 510 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent: Oct 101.75, Nov. 104, Dec. 107.25, transhipment East Coast, sellers. U.S. Dark Winter 13½ per cent: Dec. 104 transhipment East Coast, sellers. Maize: French: Nov. 118.75, Dec. 119.75 East Coast, sellers. South African Yellow: Nov.-Dec. 88.50, seller. Barley: English Feed fob: Nov. 98.25, Dec. 100, Jan.-March 104.75 traded East Coast. Rest unquoted.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing on a quiet note. Lewis and Peat reported a Feb November price for No. 1 RSS in Kuala Lumpur of 300.75 (299.5) cents a kilo and SMR 20 248 (same).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Nov	61.80-61.90	61.20-61.40	61.88
Dec	62.80-63.25	62.00-62.50	63.10
Jan-Mar	64.10-64.40	63.60-63.90	64.60-63.90
Apr-Jne	68.80-68.10	67.60-67.70	68.40-67.80
Jly-Sept	71.10-71.20	70.60-70.70	71.50-71.00
Oct-Dec	74.60-74.20	73.60-73.70	74.20-74.00
Jan-Mar	76.90-77.10	76.40-76.50	77.10
Apl-Jne	79.60-80.10	79.10-79.40	—
Jly-Sept	82.40-83.00	81.90-82.00	—

Sales: 221 (239) at 15 tonnes, 2 (1) at 5 tonnes. Physical closing prices (buyer) were: Spot 58.50p (58.50p), Dec. 62.25p (62.00p), Jan. 63.25p (63.00p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 136 tonnes, bringing the total for the week so far to 535 tonnes. Minor purchases were again recorded, without the offtake reaching more than modest dimensions. Scattered interest was again shown in North and South American growths, rather more spot buying developing as against forward operations.

SOYABEAN MEAL

The London market opened strong and traded actively at limit-up on short covering and commission house buying, reports T. G. Roddick. Prices held steady until late in session when profit-taking and trade selling eased values from the highs and the market finished with gains of around £3.50.

	Yest'rday Close (£ per tonne)	+ or —	Business Done
December	147.50-47.9	+4.8	149.10-45.00
February	155.30-55.5	+3.4	155.10-55.00
April	155.30-55.5	+4.0	156.50-55.30
June	154.00-54.7	+3.75	155.20-54.50
August	155.10-54.5	+4.45	—
October	156.20-56.5	+0.50	—
December	155.00-56.9	+3.55	—

Sales: 623 (335) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £375.00 (£365.00) a tonne cif for Oct.-Nov.-Dec. shipments. White sugar daily price was £374.00 (£368.00).

Overnight prices were not maintained at a barely steady opening call although the market quickly recovered. Prices gradually edged higher aided by trade expectations that licences would be awarded for a large tonnage at todays EEC tender. In the event only 57,000 tons was licenced. March traded at £415.50 from a low point of £405 but towards the close arbitrage selling again produced an easier tone, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Jan.	401.00-02.00	391.00-92.00	402.00-397.0
Mch.	409.00-09.25	405.10-05.25	415.50-02.00
May	407.25-07.50	401.00-01.25	411.50-05.00
Aug.	384.50-84.75	377.75-78.50	393.00-78.00
Oct.	352.10-52.75	345.00-45.25	355.00-45.00
Jan.	321.10-22.00	319.00-17.00	325.00-24.50
March	315.00-14.50	307.00-07.25	317.00-10.00

Sales: 13,522 (14,372) lots of 50 tonnes.

Number 2 Contract—Close (in order buyer, seller only). Dct. 370.00, 400.00, nil, nil. Sales: 2 (9).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.8 (same) a tonne for home trade and £475.00 (£455.00) for export.

International Sugar Agreement (U.S. cents per pound (fob and stowed Caribbean port). Prices for Oct. 29. Daily price 38.50 (40.39): 15-day average 40.88 (40.98).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Oct. 346 buyer, nil, nil; Dec. 356, 362, nil, nil; Jan. 358, 363, nil, nil; March 365, 369, 365, 1; May 371, 373, 372-371, 2; Aug. 376, 380, 377, 1; Oct. 381, 384, 382,-379, 5; Dec. 383, 388, nil, nil; Jan. 384, 387, nil, nil; March 385, 388, nil, nil. Sales: 9.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Dec. 465.0, 468.2, 467.0-463.2, 81; Mar. 490.2, 491.2, 492.5-488.2, 197; May 502.0, 504.2, 505.0-501.0, 175; July 511.0, 513.2, 514.5-510.2, 95; Oct. 512.2, 513.5, 514.0-513.0, 37; Dec. 512.0, 517.0, 518.0-515.0, 29; Mar. 516.0, 518.6, 520.0-520.0, 6. Sales 610.

POTATOES

LONDON POTATO FUTURES — Unfavourable crop reports from all parts of Europe brought strong buying into the market. By midday February and April showed gains of £3, which attracted sellers. Profit-taking during the afternoon trimmed rises to around £1 before fresh buying of April at the close again raised values, reports Coley and Harper. Closing prices: Nov. 43.70 —20 (high 44.00, low 43.90); Feb. 58.40 +100 (high 60.60, low 57.50); April 69.30 +190 (high 70.70, low 68.40). Turnover: 137 (111) lots of 40 tonnes.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.00-£7.40, codlings £4.00-£5.00, large haddocks £4.00-£4.80, medium £3.00-£4.20, small £2.00-£2.80. Large plaice £5.20, medium £4.00-£4.60, best small £3.00-£4.00. Skinned dogfish (large) £12.50-£13.60, medium £9.00-£10.00. Lemon soles (large) £10.50, (medium) £8.00. Saithe £2.20-£3.70.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 29 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1915/1945	—20	$1880/50
Copper			
Cash W'bar	£853.5	+7	£851
3 mths	£881.5	+7.25	£879.75
Cash Cathode	£829	+10.75	£823.5
3 mths	£855	+9	£851.85
Gold troy oz	$645.5	+12	$660.5
Lead Cash	£342.5	—6	£380
3 mths	£357.2	—6.75	£392.22
Nickel	£3,188	....	£3,168
Freemkt	282/310c	+5	290/315c
Platin'mtr'y oz	£203	....	£228
Free mkt	£269.55	+5.15	£290
Quicksilver†	$402/410	....	$412/419
Silver troy oz	785.2p	+15.5	906.0p
3 mths	814.20p	+15.5	945.5p
Tin Cash	£6,755	—40	£7,225
3 mths	£6,825	—32	£7,127.5
Tungsten22.04lb	$148.21	....	$145.72
Wolfrm 22.04 lb	$145/148	....	$151/154
Zinc cash	£388.5	—2	£336
3 months	£341.25	—0.2	£347.88
Producers	$823	....	$780
Oils			
Coconut (Phil)	$620r	....	$672
Groundnut	‡		‡
Linseed Crude	‡	....	£595
Palm Malayan	$555z	+82	$605
Seeds			
Copra Philip	$575	....	$525
Soyabean (U.S.)	‡	....	$330
Grains			
Barley Futures	£97.50	—0.80	£97.22
Maize			
French No3AM	‡	....	£120.5
Wheat			
No.1 Red Spg.			
No2HardWint	£104z	+1.5	£99.50
Eng. Milling†	‡		‡
Other commodities			
Cocoa ship't	£1,004	+1	£1,250
Future Mar.	£964.5	+2	£1,210.5
CoffeeF't Jan.	£1,080.2	—14	£1,068
Cotton A Index	99.10c	—0.25	98.60c
Rubber (kilo)	59p	+0.5	63.02p
Sugar (Raw)	£372	+12	£380
Woolt'ps 64s kl.	385p kilo	....	385p kilo

‡ Unquoted. y Dec.-Jan. s Dec. r Nov.-Dec. v Nov. w Oct.-Nov. z Indicator. § Buyer. † Per 76 lb flask. * Nominal.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on October 29. GB cattle 69.15p per kg l.w. (+4.54). UK sheep 95.77p per kg est. dwc (—7.25). GB pigs 68.22p per kg. l.w. (—2.77).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 58.4 to 64.5; Eire hindquarters 66.4 to 69.2, forequarters 43.8 to 45.6. Veal: Dutch hinds and ends 96.2 to 102.2. Lamb: English small 44.0 to 50.5, medium 43.0 to 47.4, heavy 39.0 to 44.7; Scotch medium 42.0 to 47.0, heavy 38.0 to 44.2. Imported frozen: NZ pl 52.2 to 54.0. Pork: English, under 100 pounds 44.2 to 50.2, 100-120 pounds 42.0 to 49.0, 120-160 pounds 40.2 to 46.2. Grouse: Young best each 220.0 to 260.2.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.65, 112 4.70, 138 4.55, 150 4.40; Brazilian: 72/138 3.50-3.80. Lemons—Spania: Trays 25/45 2.40-3.00; Turkish: 10 kg 4.80-5.00; Cypriot: 10 kg 4.80-5.50. Grapefruit—Honduras: 36/48 5.00-5.20; Cypriot: 36/42/4854 4.00-4.50; Cuban: 4.00-4.20; Jaffa: 15 kg 36 5.35, 42 5.25, 48 4.90, 80 4.60, 70 4.30; Dominican: 3.50-5.00. Satsumas—Spania: 210/195/189 3.00-3.20, 168 3.10-3.30, 154 3.40-3.50, 144 3.40-3.50, 126 3.60-3.80, 105 3.80. Apples—French: Starkcrimson large boxes 4.60. Golden delicious approx. 20 pound, 72 1.80-2.30, 84 1.50-1.80; 40 pound 125/163 3.00-4.20. Granny Smith 20 poudn 72 2.30, 84 1.50-1.80; Greek: Starking 150 4.50; Dutch: Cox's Orange Pippins per pound 0.08; Belgian: Golden Delicious 65/70 28 pound 1.80. Pears—Italian: Per pound Williams 0.13-0.16, Beurre Hardy 0.12, Passacrassans 0.13-0.14; Dutch: Conference 0.11-0.12; Belgian: 0.07-0.08. Plums—Italian: Boses, Stanleys per pound 0.10. Grapes—Italian: Italia 2.30-3.00; Spanish: Almeria 2.20-2.50, Black 2.60-2.80. Pomegranates—Spanish: 42/60 2.00-2.80. Melons—Spanish: Yellow 10 kg 3.00-3.50, Green 7/11s 2.30-2.60. Tomatoes—Jersey: 1.30-1.60; Spanish: 2.60-3.00; Dutch: 2.80-3.00. Onions—Spanish: 3.80-4.00; Dutch: Picklers 3.00, 10 kg 1.40. Cabbages—Dutch: White 2.80-3.00. Cucumbers—Canary: 12/14 2.40-2.80. Chicory—Belgian: Per box 3.20-3.50. Figs—Smyrna: Per ½ pound packet 0.20. Dates—Algerian: Per packet 0.45-0.53. Chestnuts—Italian: 5 kg 4.40-5.50; Spanish: 4.50-5.50. Nuts—Brazils per pound large washed 0.28-0.30, medium 0.23; Walnut's Chinese 30mm 55 pound, per pound 0.30; Almonds large hard 0.38, medium 0.35, Ibiza 0.45, Pecan nuts 0.65; Filberts, Sicilian 15mm 0.45; mixed nuts 0.28; French Granobles 0.55; Peanuts per 28 pound 7.50.

English produce—Potatoes: Per bag 1.20-1.80. Mushrooms—Per pound 0.40-0.70. Apples—Per pound Bramleys 0.05-0.08, Spartans 0.08-0.10, Worcester Pearmain 0.06-0.08, Cox's Orange Pippins 0.10-0.13, Russets 0.10-0.12. Pears—Per pound Conference 0.08-0.11, Comice 0.14-0.16. Plums—Per 12 Wyedales 1.50. Cabbages—Per bag 1.30, White cabbages 2.40. Cauliflowers—Per 12 2.40-2.40. Beetroots—Per bag 1.00-1.20. Cucumbers—Trays 10/20 2.20-2.80. Tomatoes—Per 12 pound 1.20-1.80. Lettuce—Per 12 round 1.30-1.60. Sprouts—Per pound 0.05-0.07. Corn Cobs—Each 0.06-0.08. Carrots—Per 28 pound 0.80-1.20. Onions—Per bag 2.50-2.80. Picklers 2.80. Celery—Per pack 20/30 2.90, naked 12/14 1.20-1.40. Capsicums—Per pound 0.18. Swedes—Per 28 pound Ooven 0.80. Cob Nuts—Per pound 0.35. Parsnips—Per 28 pound 1.60.

AMERICAN MARKETS

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

NEW YORK, October 29.

HEAVY PUBLIC demand continued to support the pork complex at higher levels, cattle finished mixed. Precious metals rallied on further uncertainties concerning the hostages as well as on correction of an oversold position. Copper experienced moderate selling pressure by commission houses and finished lower. Sugar advanced on reports of incomplete Soviet coverage of their production deficit. Profit-taking put cotton prices lower. Grains and soyabeans came under local selling pressure on the close and finished lower. Very little interest in coffee and cocoa put the markets on the defensive with lower closes following, reported Heinold.

Copper—Nov. 95.40 (95.75). Dec. 96.10-96.60 (96.75). Jan. 97.30. March 98.65-99.20. May 100.60-100.70. July 102.10. Sept. 103.50-103.80. Dec. 105.65. Jan. 106.80. March 108.25. May 110.00. July 111.45.

Potatoes (round whites)—Nov. 87.5-88.0 (89.2). March 125.7 (127.7). April 149.7-149.2. Sales: 2,500.

Sugar—No. 11: Jan. 41.30-41.40 (40.90). March 42.35-42.65 (42.12). May 42.20-42.40. July 41.25-41.35. Sept. 38.55-38.70. Oct. 37.10. Jan. 33.20-33.70. March 32.80-32.75.

Tin—762.0-772.2 (762.2-770.0).

CHICAGO, October 29.

Lard—Chicago loose 23.00 (same). New York steam unavailable.

Live Cattle—Dec. 69.45-69.40 (70.05), Jan. 71.12 (71.40), Feb. 71.95-71.85, April 74.25-74.30, June 75.27-75.32, Aug. 74.75-74.70, Oct. 73.75, Dec. 74.90.

Live Hogs—Dec. 51.75-51.80 (51.22), Feb. 56.10-56.15 (55.50), April 55.80-55.50, June 58.75-58.65, July 59.67-59.72, Aug. 58.20-58.00, Oct. 56.75, Dec. 57.70, Feb. —.

‡‡Maize—Dec. 376½-376 (377¾), March 387¾-387 (389¾), May 390¾-391, July 387½-387¼, Sept. 373½, Dec. 354½-354.

Pork Bellies—Feb. 72.74-72.20 (70.55), March 72.50-72.30 (70.55), May 74.05-73.80, July 75.30-75.45, Aug. 74.40.

Silver—Nov. — (1873.0), Dec. 1948.2-1949.2 (1893.0), Jan. —, Feb. 2004.0, April 2055.0, June 2106.0, Aug. 2157.0, Oct. 2208.0, Dec. 2259.2, Feb. 2310.0, April 2361.0, June 2412.2, Aug. 2463.0, Oct. 2514.0, Nov. —, April —.

†Soyabeans—Nov. 904-905 (914½), Jan. 932-934 (942), March 958-960, May 979-977, July 982-983, Aug. 953-955, Sept. 880, Nov. 835-832.

‖Soyabean Meal—Dec. 283.0-283.5 (285.2), Jan. 287.0-287.5 (289.1), March 293.0-292.5, May 293.0-292.0, July 291.0-290.0, Aug. 284.0, Sept. 284.2, Oct. 248.2, Dec. 242.2, Jan. —.

Soyabean Oil — Dec. 26.55-26.60 (26.97), Jan. 27.00 (27.37), March 27.75-27.72, May 28.20, July 28.75-29.70, Aug 28.45, Sept. 27.45-27.50, Oct. 26.75, Dec. 26.70-29.61, Jan. —.

†Wheat — Dec. 535½-536 (541½), March 557-556 (562), May 561-561½, July 534½-534, Sept. 541, Dec. 552.

WINNIPEG, October 29. §Barley—Oct. 143.80 (143.90), Dec. 145.70-145.80 (145.30), March 148.80, May 149.20, July 148.90.

EUROPEAN MARKETS

ROTTERDAM, October 29.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent. Nov. $231, Dec. $232, Jan. $241, Feb. $243, March $246. U.S. No. 2 Red Winter Oct. $229, Nov. $228, Dec. $232. U.S. No. 2 Northern Spring 14 per cent. Dec. $225, Nov. $227, Dec. $231, Jan. $237.50, Feb. $253.50, March $257.50, April-May $241.

Maize—Afloat $170, Oct. $170, Nov. $172, Dec. $175, Jan.-March $182.50, April-June $187.50, July-Sept. $184, Oct.-Dec. $182.

Soyabeans—U.S. No. 2 Yellow Gulfports Nov. $264, Dec. $375, Jan. $382.50, Feb. $390, March $393, April $397, May $399, June $400, July $401, Aug. $399, Sept. $393, Oct. $343.25, Nov. $342.25, Dec. $348.50 sellers, March $393 paid.

Soyameal—44 per cent protein U.S. afloat $343, Nov. $345, Dec. $347, Nov.-March $350. Brazil Pellets afloat $356, Nov. $354, Dec. $360, Nov.-March $364.

PARIS, October 29.

Cocoa (FFr per 100 kg)—Dec. 950-959, March 995-1,005, May 1,015-1,025, July 1,025, Sept. 1,050-1,070, Dec. 1,080-1,112. Sales at call: 0.

Sugar (FFr per 12 kg)—Dec. 4,050-4,075, March 4,220-4,225, May 4,260-4,270, July 4,080-4,150, Aug. 4,110-4,125, Oct. 3,800-3,840, Nov. unquoted, Dec. 3,550. Sales at call: 2.

INDICES

FINANCIAL TIMES

Oct. 28	Oct. 27	M'nth ago	Year ago
278.55	275.99	278.44	228.69

(Base: July 1, 1952=100)

MOODY'S

Oct. 28	Oct. 27	M'nth ago	Year ago
1882.7	1551.5	1295.9	1134.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 28	Oct. 27	Month ago	Year ago
Spot	482.18	481.25	425.27	399.48
F'tur s	502.59	500.84	486.28	400.80

(Average 1924-25-26=100)

REUTERS

Oct. 29	Oct. 28	M'nth ago	Year ago
1748.8	1742.8	1748.5	1276.3

Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Markets held up relatively well despite frustrated hopes for interest rates—Home Banks in demand

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept. 29	Oct. 9	Oct. 10	Oct. 20
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 22	Nov. 6	Nov. 7	Nov. 17

* "New time" dealings may take place from 9 am two business days earlier.

London stock markets held up relatively well yesterday against the backdrop of the Confederation of British Industry's gloomy survey on the effects of the recession on UK manufacturing industry and yet another dampener on hopes of an early reduction in interest rates.

Leading equities were marked down defensively at the opening in expectations of a continuing easier trend after Tuesday's late reaction on disappointment with the Government's refusal to move from its current high interest rate policy until money supply is brought under control. In the event, sellers failed to materialise and, with buyers showing interest at the lower levels, quotations generally made a modest recovery. Demand was soon satisfied, however, and prices later drifted off before hardening again towards the close.

The opening markdown in the leaders was not fully reflected in the first, 10.00 am, calculation of the FT 30-share index which recorded a loss of 2.5; little further material change occurred throughout the day and the index ended 2.3 down on balance at 493.2.

British Funds also showed resistance. Dull at the opening following late offerings the previous day in response to the Prime Minister's remarks on monetary policy, medium and long-dated stocks picked up to close with losses of ¼ on balance after having been down by about ¾. Business was mainly professional and a further round of U.S. prime rate increases, to 14½ per cent, made no lasting impact on sentiment.

Among the equity sectors, Oils became a much quieter market after the recent bout of activity on hopes of higher crude prices and presented an irregular appearance, although the FT-Actuaries sector index recorded a high since compilation of 999.99. Home Banks made a good showing with the sector index reaching a 1980 high with demand stimulated by the prospects of current high interest rates continuing for some time.

Conditions in Traded options remained quiet with 1,159 deals arranged. BP attracted 202 trades, while 183 contracts were completed in Cons. Gold Fields.

Home Banks up again

Buoyed by the prospect of a continuing period of high interest rates, the major clearing banks made further good progress on keen demand in a market none-too-well-supplied with stock. Barclays rose 10 afresh to 480p, after 482p, and NatWest put on 8 to 428p, while Lloyds closed 6 higher at 356p and Midland 4 up at 360p. Elsewhere, Hambros stood out with a rise of 18 to 678p on renewed investment demand. Hire Purchases drifted lower on reduced hopes of an early cut in minimum lending rate; Provident Financial dipped 3 to 148p.

Sporadic offerings and lack of fresh support prompted dullness in Insurances. Phoenix lost 6 to 290p as did General Accident, to 360p. London United Investments relinquished 5 to 205p on profit-taking.

In sharp contrast to recent depressing company trading statements in Wines and Spirits, Arthur Bell produced annual profits ahead of general estimates and closed 8 up at 180p. Luis Gordon, on the other hand, announced a surprise first-half loss and dipped 4 to 36p.

Business in Buildings remained quiet, but the undertone held steady to firm. Buying in a thin market lifted Newarthill 18 to 328p, while Crouch Group firmed 5 afresh to 187p. Heywood Williams added 3 to 35p on yield considerations, but Bryant Holdings, a rising market of late on the preliminary results and proposed 200 per cent scrip issue, eased a penny to 94p. Mallinson-Denny hardened a penny to 69p on the [illegible]-than-expected interim profits and P. C. Henderson "A" touched 133p before closing a penny dearer on balance at 131p on the half-yearly results, while G. M. Callender also added a penny, to 28p on the higher interim profits and dividend.

ICI slipped to 336p on lack of support before closing 2 off at 338p. Fisons, a good market of late on recovery hopes, eased 3 to 207p.

Stores firm

Stores remained firm although business was reduced from recent levels. GUS "A" added 2 more to 486p, while UDS hardened a penny to 73p. In contrast, Burton fell 3 to 93p following adverse Press comment, while the Warrants shed 4 at 32p. Away from the leaders, recent speculative high-flyers attracted renewed support and ended with double-figure gains. Polly Peck spurted 21 more to a new high of 173p, while Cornell Dresses jumped 10 to 88p. Wearwell added 2½ to 65p. Kean and Scott rose 35 to 150p, after 155p, following news of the proposed £0.81m rights offer which has been partly underwritten by certain major shareholders; the shares have come up from a 1980 low of 25p, chiefly on the near-43 per cent interest acquired earlier in the year by Hawley Leisure and associates. Amber Day firmed a couple of pence to 27p after favourable comment, while interest was also shown in James Beattie "A," 5 better at 146p. J. Hepworth, on the other hand, eased 2 to 95p awaiting today's preliminary results while profit-taking clipped a few pence from Currys, 273p, and Dixons Photographic, 139p.

Details of the group's lucrative Australian contract gave a fillip to Racal Electronics which rose 7 to 350p, after 352p. Elsewhere in Electricals, Fidelity Radio were sold down to 36p on news of the first-half deficit but rallied to close a net 4 lower at 41p on consideration of the accompanying optimistic statement. Unitech came on offer at 348p, down 14. Air Call hardened 2 to 232p; the price in yesterday's issue was incorrect.

Quietly dull conditions prevailed in the Engineering leaders as John Brown, 74½p, and GKN, 170p, lost 3 apiece. Tubes softened 2 to 218p and Vickers lost the turn to 140p. Elsewhere, Richardson Westgarth dipped 4 to 38p on disappointing interim results. By way of contrast, buying ahead of the forthcoming interim results lifted Associated Tooling 6 to 56p.

Renewed buying ahead of the interim figures expected early next month lifted J. Sainsbury 10 to a 1980 peak of 590p, but Associated Dairies, after touching a high for the year of 244p, fell back to 236p for a net fall of 6, after the chairman's profits warning at the annual meeting. Among other supermarket issues, recently firm Bejam shed 2 to 114p and Tesco neared the year's low with a fall of a penny to 52½p. Lack of support clipped 4 from Unigate, 105p, and Rowntree Mackintosh, 162p. Elsewhere, Somportex jumped 27 to 382p in a thin market, while Chambers and Fargus put on 5 to 45p, after 46p, on news that Mr. Harvey Michael Ross had increased his stake in the company to 11.7 per cent. Bernard Matthews touched 263p before closing 8 dearer on balance at 258p.

Peerless wanted

Down 10 the previous day on nervous selling ahead of the interim figures due on November 11, Unilever remained on offer at 455p, down a further 5. Other miscellaneous Industrial leaders barely stirred from overnight levels although Boots continued to reflect the current strength of the stores sector with a fresh rise of 3 to 257p. Late news of the Rank Toshiba deal failed to enthuse Rank Organisation, unaltered at 186p. Elsewhere, a bout of speculative buying prompted a rise of 6 to 93p in Peerless, while Avon Rubber added 4 more to 97p for a similar reason. The increased dividend payment outweighed the lower profits and helped M. Y. Dart rise 2½ to 38½p, while Hoover, at 133p, recorded a Press-inspired rise of 5. Gomme, on the other hand, declined 4 to 32p on the final dividend omission and the Board's declaration that the company has made a loss in the first quarter of the current year. Far Eastern influences brought about a decline of 18 to 328p in Jardine Matheson.

Leisure shares, having commanded a fair amount of attention of late, fell back on profit-taking, Horizon Travel losing 10 to 360p and Associated

The Prime Minister's remarks on interest rates caused a precautionary modest mark-down in Properties. Land Securities and MEPC shed 2 apiece to 392p and 239p while British Land eased 3 to 96p and Hammerson "A" 5 to 590p. Elsewhere, Trafford Park Estates put on 7 to 153p on speculative buying, but Rush and Tompkins, a good market of late on bid rumours, slipped to 226p before closing 2 cheaper on balance at 230p. Interest was shown in Greencoat which hardened a fraction to 15. North British Properties closed 3 off at 154p, after 152p, on the preliminary results. Hong Kong Land dropped 10½ to 165½p and Swire Properties lost 6 to 89½p on Far Eastern influences.

Although business in Oils was reduced, the sector displayed several contrasting movements. Among the leaders, British Petroleum touched 482p before closing just 2 firmer on balance at 478p and Shell closed at the day's best of 466p, up 4. Up 55 on Tuesday after favourable Press comment, Aran Energy reacted to 300p before closing 10 off at 315p. Attock also finished 10 down, at 350p, after 342p, but Clyde became a good market and put on 30 to 850p. Fresh support lifted Edinburgh Securities 16 to a 1980 peak of 314p, while New Court firmed 7 to a high for the year of 94p and Pict Petroleum gained 10 to 420p. Among on-shore explorers, Carless Capel and Candecca shed 8 apiece to 198p and 292p respectively.

South African industrials remained firm with Abercom particularly strong, closing 21 up at 165p. South African Breweries added 6 for a two-day gain of 13 at 180p.

Golds up again

A strong performance by the bullion price encouraged further good buying of South African Golds.

The Gold Mines index responded with a rise of 7 points to 503.5 bringing the rally on the week so far to 45.7. Bullion was finally $12 higher at $643.50 an ounce.

Share prices opened a shade firmer but encountered small profit-taking during the morning. In the afternoon, the market moved ahead before easing afresh at the official close, but the after-hours' trade saw the emergence of persistent American support and prices rose strongly to close at the day's best.

Heavyweights were featured by Randfontein, £43¾, Vaal Reefs, £41, and West Driefontein, £45¾, each £1½ higher, while rises of a point were common to Buffels and President Brand at £27 and £29 respectively.

Among the lower-priced issues, Grootvlei were prominent and finally 38 to the good at 645p. South African Financials moved up in sympathy with Golds. "Johnnies" added a point more to £37, "Amgold" to £55½ and "Amcoal" ½ to a year's high of £14¾.

The London Financials were firmer, but trading was generally quiet. Gold Fields were outstanding and put on a further 15 to 652p while Rio Tinto-Zinc rose 5 to 480p. Platinums made modest progress with gains of around 7 common to Impala, 452p, and Rustenburg, 303p.

Australians put on a good performance. The Rundle twins advanced strongly following heavy overnight Australian demand. Central Pacific closed a further 25 up at a peak of 485p while Southern Pacific rose 6 to a high of 182p.

The Ashton diamond venturers gained ground with Northern Mining 10 ahead at 155p and Ashton Mining 7 firmer at 159p.

In the speculative stocks, Kitchener jumped 45 to 390p and Jones Mining 13 to 65p. Golds showed North Kalgurli 4 better at 97p ex rights; the new shares were quoted at 46p premium. Hampton Areas jumped 18 to 253p, after a 1980 high of 260p, following persistent buying in a thin market.

FINANCIAL TIMES STOCK INDICES

	Oct. 29	Oct. 28	Oct. 27	Oct. 24	Oct. 23	Oct. 22	A year ago
Government Secs	71.42	71.53	71.71	71.55	71.28	71.27	68.58
Fixed Interest	72.30	72.38	72.30	72.48	72.49	72.84	70.26
Industrial Ord.	493.2	495.5	496.1	499.5	492.5	488.7	437.5
Gold Mines	503.5	486.5	488.3	457.8	471.2	484.3	302.0
Ord. Div. Yield	7.38	7.36	7.36	7.37	7.41	7.50	7.64
Earnings, Yld. % (full)	16.68	16.63	16.64	16.56	16.75	16.94	18.48
P/E Ratio (net) (*)	7.31	7.34	7.33	7.32	7.88	7.20	6.68
Total Bargains	22,461	21,780	22,587	25,753	22,234	21,618	16,870
Equity turnover £m.	—	140.48	151.65	166.82	192.31	199.56	101.99
Equity bargains total	—	18,200	17,681	19,844	20,273	17,809	12,611

10 am 493.0. 11 am 493.7. Noon 493.2. 1 pm 493.2. 2 pm 493.7. 3 pm 492.8.
Latest Index 01-246 8026.
*Nil=6.81.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	508.9 (12/8)	403.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	558.9 (22/9)	265.5 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 29	Oct. 28
—Daily		
Gilt Edged	118.6	114.6
Industrials	91.1	104.9
Speculative	43.1	45.1
Totals	75.0	77.0
5-day Avrge.		
Gilt Edged	109.2	10[illegible]4
Industrials	102.8	107.8
Speculative	44.4	46.1
Totals	76.5	77.0

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (154)

AMERICANS (1)
BANKS (6)
BUILDINGS (4)
DRAPERY & STORES (5)
ELECTRICALS (5)
ENGINEERING (1)
FOODS (3)
INDUSTRIALS (9)
LEISURE (2)
NEWSPAPERS (1)
SOUTH AFRICANS (2)
TEXTILES (1)
TRUSTS (94)
OIL & GAS (10)
OVERSEAS TRADERS (2)
MINES (8)

NEW LOWS (31)

AMERICANS (2)
Browning-Ferris; Norton Simon
BEERS (1)
Gordon (L.)
CHEMICALS (3)
Bayer AG; Laporte Inds.; Internatl. Paint
STORES (2)
Cope Sportswear; Upton (E.) A
ELECTRICALS (2)
Baker Elec.; Eurotherm Int.
ENGINEERING (9)
Aurora; Beauford; Camford Eng.; Clifford (Ch.); Edbro; Midland Inds.; Neill (James); Weir Group; Wolseley Hughes
INDUSTRIALS (7)
Continental Group; Eastern Produce; Gomme Hldgs.; Jentique; Letraset; Riley (E. J.); UKO Int.
MOTORS (3)
Lucas Inds.; Dorada; Tate of Leeds
TRUSTS (1)
Yorkgreen
TEAS (1)
Lawrie Plantation

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	70	25
Corpns., Dom. and Foreign Bonds	4	7	52
Industrials	159	288	947
Financial and Prop.	144	82	288
Oils	30	13	17
Plantations	—	3	21
Mines	70	32	58
Others	35	55	88
Totals	442	548	1,476

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, October 28.

Gold Mines F.T.	+ 84.85	500 Share Index	+ 29.85
Merchant Banks	+ 79.69	Insurance Brokers	+ 28.94
Insurance (Life)	+ 74.08	Building Materials	+ 26.31
Electricals	+ 72.76	Engineering Contractors	+ 26.26
Mining Finance	+ 67.68	Industrial Group	+ 26.12
Investment Trusts	+ 53.89	Mechanical Engineering	+ 21.83
Electronics, Radio and TV	+ 52.43	Consumer Goods (Non-Durable) Group	+ 21.60
Property	+ 49.48	Banks	+ 21.33
Hire Purchase	+ 46.59	Other Groups	+ 20.41
Insurance (Composite)	+ 46.26	Pharmaceutical Products	+ 18.37
Oils	+ 42.83	Newspapers and Publishing	+ 15.00
Financial Group	+ 42.78	Food Manufacturing	+ 13.81
Food Retailing	+ 41.67	Breweries	+ 11.88
Capital Goods Group	+ 37.87	Tobaccos	+ 11.57
Overseas Traders	+ 37.96	Chemicals	+ 10.93
Discount Houses	+ 36.99	Packaging and Paper	+ 9.08
Shipping	+ 36.78	Office Equipment	+ 6.00
Stores	+ 34.74	Metal and Metal Forming	+ 5.94
All-Share Index	+ 34.61	Textiles	+ 4.00
Entertainment and Catering	+ 33.39	Wines and Spirits	+ 0.91
Contracting and Construction	+ 31.83	Motors and Distributors	− 8.04
Consumer Goods (Durable) Group	+ 30.53	Household Goods	− 23.94
		Toys and Games	− 46.92

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Clyde Pet.	£1	9	850	+30	850	230
NatWest Bank	£1	9	428	+ 8	428	305
Barclays Bank	£1	8	480	+10	482	327
BP	25p	8	478	+ 2	473	320
Edinburgh Secs.	25p	8	314	+16	314	100
Cambridge Pet.	20p	7	350	−20	380	165
GEC	25p	7	567	− 3	572	326
New Court Nat.	5p	7	94	+ 7	94	32
Tricentrol	25p	7	422	+ 4	424	250
GUS A	25p	6	486	+ 2	486	340
HK & Shanghai Banking	$HK2.50	6	163	− 5	170	101
ICI	£1	6	338	− 2	402	313
Lloyds Bank	£1	6	356	+ 6	358	277
Premier Cons.	5p	6	116	—	116	36
Shell Transport	25p	6	466	+ 4	466	314

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16
Nov. 17	Nov. 28	Feb. 26	Mar. 9

For rate indications see end of Share Information Service

Calls were done in Weir, FNFC, Charterhall, Town and City Properties, Ladbroke, Northern Engineering Industries, Courtaulds, William Press, Shackleton Petroleum, North Kalgurli, R. and J. Pullman, Lonrho, Candecca, Cons. Gold Fields, Amalgamated Estates and Dunlop. Puts were transacted in Tesco, Shackleton Petroleum, Rank Organisation and Premier Oil, while doubles were completed in Cons. Gold Fields and Tesco.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Wed., Oct. 29, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. Oct. 28 Index No.	Mon. Oct. 27 Index No.	Fri. Oct. 24 Index No.	Thurs. Oct. 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	293.56	−0.3	15.04	5.66	8.08	294.44	293.71	293.94	293.59	218.07
2	Building Materials (28)	250.30	−0.1	19.02	6.85	6.25	250.33	249.72	251.60	252.24	215.07
3	Contracting, Construction (27)	429.51	+0.3	21.19	5.83	5.57	428.68	425.54	425.61	427.24	349.26
4	Electricals (17)	905.68	−0.3	10.34	2.85	11.88	909.62	947.88	947.72	945.18	545.75
5	Engineering Contractors (11)	363.16	—	17.05	7.12	7.48	363.23	352.62	358.45	357.29	299.71
6	Mechanical Engineering (72)	181.47	−0.6	15.95	7.36	7.64	182.48	182.11	181.70	180.93	147.09
8	Metals and Metal Forming (16)	152.41	−0.7	19.15	10.74	6.51	153.51	152.97	153.53	153.75	150.40
11	CONSUMER GOODS (DURABLE) (48)	248.62	—	12.88	5.07	9.29	248.52	248.42	246.59	247.13	211.90
12	Lt. Electronics, Radio, TV (14)	392.55	+0.5	9.68	3.53	12.56	390.42	389.41	385.58	387.06	299.16
13	Household Goods (13)	88.59	+0.1	25.53	11.10	4.95	88.53	88.83	88.65	88.35	131.69
14	Motors and Distributors (21)	93.45	−1.9	23.11	10.01	4.99	95.29	95.99	96.10	95.81	102.34
21	CONSUMER GOODS (NON DURABLES) (171)	246.80	−0.4	16.51	6.55	7.32	247.74	246.35	244.48	243.47	219.43
22	Breweries (14)	281.73	−0.2	16.08	6.54	7.26	282.36	282.61	279.52	277.79	266.08
23	Wines and Spirits (5)	294.64	−0.4	20.77	6.94	5.69	295.80	298.36	297.58	296.40	314.73
24	Entertainment, Catering (17)	363.83	−0.2	15.99	6.15	7.71	364.78	362.41	357.64	353.43	385.06
25	Food Manufacturing (22)	215.23	−0.6	18.48	7.09	6.39	216.45	217.42	216.69	217.84	199.97
26	Food Retailing (13)	414.27	−0.6	11.48	3.73	10.32	416.61	406.91	399.39	400.32	288.99
32	Newspapers, Publishing (12)	444.78	−0.2	22.23	6.54	5.83	445.87	445.49	442.19	442.63	400.20
33	Packaging and Paper (15)	125.76	—	25.68	10.29	4.51	125.72	126.78	125.89	123.83	119.94
34	Stores (44)	257.18	−0.2	11.77	4.90	11.03	257.59	253.83	252.55	250.18	212.76
35	Textiles (21)	129.99	−0.5	24.10	11.79	5.06	130.59	130.51	128.55	128.94	141.96
36	Tobaccos (3)	219.83	−1.3	26.20	10.63	4.34	222.80	222.00	220.71	221.80	217.77
37	Toys and Games (5)	25.84	+2.3	8.70	11.08	26.57	25.26	25.26	24.82	25.00	58.67
41	OTHER GROUPS (98)	224.08	−0.6	15.56	6.98	7.70	225.38	225.29	222.86	222.53	191.37
42	Chemicals (15)	305.22	−0.9	17.37	7.96	6.73	308.06	307.76	305.70	300.13	271.54
43	Pharmaceutical Products (7)	228.49	−0.5	10.98	6.13	11.26	229.67	230.31	228.87	228.15	210.14
44	Office Equipment (6)	109.59	−0.4	18.76	7.59	6.23	110.00	110.23	107.26	107.17	108.40
45	Shipping (10)	578.15	−0.3	12.71	6.31	9.60	580.02	580.77	579.17	575.96	443.06
46	Miscellaneous (60)	285.63	−0.4	16.18	6.51	7.54	286.69	286.04	283.28	282.58	224.98
49	INDUSTRIAL GROUP (488)	260.97	−0.4	15.63	6.29	7.72	261.95	261.10	259.55	258.71	218.57
51	Oils (12)	999.99	+0.5	24.03	5.26	4.63	994.65	974.13	972.38	980.86	746.81
59	500 SHARE INDEX	319.35	−0.2	17.68	6.04	6.64	319.83	317.45	315.88	315.76	260.26
61	FINANCIAL GROUP (118)	260.32	—	—	5.05	—	260.37	258.16	255.09	253.81	178.61
62	Banks (6)	271.75	+1.7	37.60	6.20	3.18	267.32	263.23	258.94	258.09	208.10
63	Discount Houses (10)	300.92	+0.2	—	5.71	—	300.42	299.05	300.13	302.03	234.63
64	Hire Purchase (5)	241.20	−0.5	10.29	4.10	13.12	242.35	242.08	237.84	235.46	172.51
65	Insurance (Life) (10)	269.76	−0.9	—	4.89	—	272.22	270.98	268.66	268.83	146.53
66	Insurance (Composite) (9)	176.53	−0.8	—	6.43	—	177.96	176.18	173.32	172.65	116.57
67	Insurance Brokers (9)	343.15	−0.5	13.42	6.74	10.20	344.98	340.18	337.00	340.60	251.32
68	Merchant Banks (13)	161.69	+0.3	—	4.70	—	161.27	158.73	156.95	158.35	92.12
69	Property (45)	471.01	−0.5	3.06	2.59	45.47	473.46	471.64	468.96	463.40	332.18
70	Miscellaneous (11)	167.42	+0.4	25.49	5.67	8.16	166.83	167.33	164.50	168.75	116.63
71	Investment Trusts (109)	298.64	+0.8	—	4.94	—	296.23	294.84	289.83	289.04	194.61
81	Mining Finance (3)	275.46	+1.4	12.90	4.76	9.23	271.55	273.68	270.48	267.59	139.30
91	Overseas Traders (20)	457.05	−0.3	10.96	6.54	11.01	458.57	460.64	457.32	458.65	322.81
99	ALL-SHARE INDEX (750)	309.24	—	—	5.76	—	309.33	307.18	305.01	304.53	237.47

FIXED INTEREST PRICE INDICES

	British Government	Wed. Oct. 29	Day's change %	Tues. Oct. 28	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.65	−0.13	106.79	—	8.76
2	5-15 years	113.80	−0.14	113.96	—	10.68
3	Over 15 years	119.81	−0.14	119.97	—	11.97
4	Irredeemables	131.78	—	131.78	—	13.32
5	All stocks	113.16	−0.14	113.32	—	10.39

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Wed. Oct. 29	Tues. Oct. 28	Year ago (approx.)
1	Low Coupons	5 years	11.48	11.48	11.23
2		15 years	11.45	11.45	11.54
3		25 years	11.45	11.45	11.84
4	Medium Coupons	5 years	13.08	13.00	13.05
5		15 years	13.05	13.02	13.04
6		25 years	12.79	12.77	13.03
7	High Coupons	5 years	13.23	13.11	13.42
8		15 years	13.29	13.28	13.48
9		25 years	12.99	12.94	13.28
10	Irredeemables		11.00	11.00	11.66

		Wed., Oct. 29 Index No.	Yield %	Tues. Oct. 28	Mon. Oct. 27	Friday Oct. 24	Thurs. Oct. 23	Wed. Oct. 22	Tues. Oct. 21	Mon. Oct. 20	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	54.60	†13.58	54.57	54.55	54.46	54.44	54.43	54.44	54.40	58.34
16	Investment Trust Prefs. (15)	50.85	13.31	50.85	50.85	50.92	51.02	51.02	51.05	51.05	48.41
17	Coml. and Indl. Prefs. (20)	68.00	13.19	68.00	68.00	68.00	68.01	68.18	68.02	68.09	64.12

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 16p, by post 25p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth ... SF578.50 617.50 ... 0.90
Lloyds Int. Income ... SF298.00 301.50 ... 6.00

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. ... £10.13 10.14 ... —
Next subscription day November 5.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (g)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	52.4	56.4	−0.3	2.57
Abbey Capital	45.6	49.3	+0.1	4.96
Abbey General	54.5	61.3	−0.2	5.14
Abbey Gilt & F.I. Tst.	115.1	121.2	−0.1	11.29
Abbey Income	33.9	36.7	−0.1	9.43
Abbey W'Wide Bd Tst.	88.1	93.2	−0.6	7.29
Abbey Inv.Tst.Fd.	50.1	54.2	+0.5	4.69
Equitas Prog. Tst.	86.8	93.8	.....	4.59

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	93.8	98.7	+0.1	12.30

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	90.1	96.4	−0.1	5.99
Brit. Inds. Fund	80.1	85.7	−0.3	6.23
Growth & Income	51.6	54.6	−0.2	5.09
Elect. & Ind. Dev.	44.6	47.7	−0.1	5.24
Allied Capital	96.2	102.9	−0.4	4.05
Hambro Fund	137.6	147.2	−0.2	5.88
Hambro Acc. Fund	183.6	196.4	−0.2	4.63
Income Funds				
High Yield Fd.	65.1	69.7	−0.3	9.61
High Income	78.3	83.8	.....	7.58
A. H. Eq. Inc.	46.2	49.4	−0.1	7.41
Govt. Secs.	26.8	27.5	.....	11.31
International Funds				
International	33.3	35.6	−0.1	2.78
Pacific Fund	58.0	62.1	+0.3	1.96
Secs. Of America	64.4	68.9	−0.5	2.32
Specialist Funds				
Smaller Co.'s Fd.	55.2	59.1	.....	4.23
2nd Smlr. Co's Fd.	65.0	69.6	+0.2	4.31
Recovery Sits.	135.0	144.5	−0.4	5.57
Met. Min. & C'dty.	72.9	78.0	.....	4.62
Overseas Earnings	69.7	74.6	−0.1	4.95
Exempt Funds				

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.7	40.1	−0.1	11.26
North American	56.7	60.3	−0.1	2.85
Canadian Exempt*	62.3	65.9	.....	3.57
Canadian Trust	62.8	67.9	+0.4	2.64
Mid Mount High Inc.*	49.6	52.4	.....	9.29
Recovery	57.4	62.7	+0.5	6.88
Gilt Trust	45.2	47.3	.....	12.26

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	36.0	38.9	+0.3	0.95
Cres. Internat'l.	69.8	75.3	+0.1	2.35
Cres. High. Dist.	43.4	46.6	−0.2	10.40
Cres. Reserves	52.9	57.1	.....	5.25
Cres. Tokyo	24.3	26.2	+0.3	0.71

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.2	.....	13.20

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Oct. 24	228.4	243.6	.....	5.60

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	6.70
Gt. Winchester O'seas	24.8	27.6	.....	4.05

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	89.1	93.7	.....	4.67

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American	30.3	32.8	.....	0.98
Gilt + Fixed Int.	25.6	27.0	.....	12.09
Growth + Income	31.7	34.1	−0.1	7.12
Special Sits.	38.6	41.6	+0.1	2.06

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	36.2	38.9	+0.2	1.98
Accum. Units	44.9	48.3	+0.3	1.98

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

91	82¼	Aust. 5½pc '81-82	90½	.....	6.10	13.17
85¾	72½	Do. 6pc 1981-83	85¾	+¼	7.24	12.91
67¾	58	N.Z. 7¼pc 1988-92	67½	.....	11.11	13.13
82¾	72	Do. 7½pc '83-86	82¾	.....	9.44	12.70
96¾	88	Sth. Africa 9½pc '79-81	94½xd	.....	10.02	15.13
160	95	S. Rhod. 2½pc Non-Ass.	185	+4	—	26.66
169	133	Do. 6pc '78-81 N.-As.	152	+3	—	23.59

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7593 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527 Tel: 276 796
Birmingham: George Hse., George Rd., B15 1PG Telex: 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex: 23283 Fax: 512 1404 Tel: 512 9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: Setanta Hse., Kildare St., Dublin 2. Telex: 747111 Tel: 779801 ext. 249
Edinburgh: 37 George Street, EH2 2HN Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex: 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-10, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's Hse., Queen St., M2 5HT Telex: 666813 Tel: 061-834 9381
Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 535 13 68
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Telex: 220044 Tel: 297 2000
Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358 Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044. Telex: 220044 Tel: 297 2000
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: Financial Times in London, Frankfurt, New York and Paris

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
54	45	Hargreaves 20p	50	......	3.96	2.2	11.3	(4.8)
88	68	Harris (Ph.) 20p	79	......	5.5	1.6	9.9	(7.5)
46½	31	Harris & Sheldon	35½	......	3.0	2.3	12.1	4.9
34	19	Hawkins & Tipson	22	−1	‡1.0	3.2	‡	6.7
16¼	8¼	Hawtin 5p	8¼	......	0.25	8.6	4.3	2.8
69	46	Hay (Norman) 10p	69xd	......	‡3.35	1.7	‡	11.9
106	57	Henshaw 'A' 10p	101	......	‡2.5	3.5	3.5	11.6
112	85½	Hepworth Ceramic	95	......	5.0	3.3	7.5	4.7
36	22	Hestair	30	−1	1.0	1.0	4.8	(13.2)
50	32	Hewitt (J.)	32	......	1.5	9.8	6.7	1.7
43	24	Highgate & Job 50p	27	......	—	—	—	—
65	45	Hill (Chas.) £1	55	......	—	—	—	—
33	17	Hirst Mat'son 20p	18	......	‡2.6	1.4	‡	(3.5)
108	75	Holden (A.)	97	−3	5.0	3.3	7.4	4.8
51	23	Hollis Bros	31	......	1.4	1.4	6.4	(14.0)
88	70	Holt Lloyd Int. 10p	74	......	h3.17	2.5	6.2	7.5
182	118	Hoover 'A'	133	+5	‡12.0	0.9	‡	(11.0)
112	52	Hoskins & H 20p	54	......	‡8.0	1.5	‡	3.9
*80	54	Howard Tenens	65	−2	2.28	2.0	5.0	12.0
377	230	Hunting Assoc.	325xd	−5	5.0	6.0	2.2	8.4
*131	60	Huntleigh 10p	120	......	1.5	2.8	1.8	38.1
129½	55½	Hutch Whamp $HK2	121	−3½	h028c	2.6	1.9	19.6
25½	15½	Hyman (I. & J.) 5p	15½	......	1.25	3.6	11.5	3.4
£13¾	845	I.C. Industries$	£12⅝	......	Q$2.00	—	7.3	—
196	111	ICL	153	......	th2.97	7.4	2.8	5.2
32	24	Ingall Inds. 10p	32	......	2.27	ϕ	10.6	ϕ
204	107	Initial Services	204	+1	7.5	2.3	5.3	10.1
18	9	Inter-City 20p	11½	......	0.6	1.8	7.5	(8.8)
32	25	††Intervision 10p	29	......	—	—	—	—
57	39½	J. B. Holdings 10p	47	......	3.0	2.1	9.4	7.1
150	100	Jacksons Bourne	103	......	5.0	3.3	6.9	6.3

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	21	Acmex 50c	30	......	—	—	—
28	12	ACM 20c	24	−2	—	—	—
152	52½	Bond Corp.	140	......	Q7½c	ϕ	2.8
156	88	Bougainville Kina	105	......	[illegible]	1.0	12.4
*350	221	CRA 50c	330	......	tQ15c	2.1	8.0
25	11½	Cascda Northwest	19	+1½	—	—	—

Tins

Copper

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	155	+4	—	—	—
97	51	Barymin	54	−2	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
325	53	Colby Res. Corp.	320	−2	—	—	—
502	250	Cons. Murch. 10c	260	......	tQ30c	1.8	6.6
180	80	††Hemerdon 10c	95	......	—	—	—
585	325	Northgate C$1	490	−7	—	—	—
*486	322	R.T.Z.	480	+5	t16.0	3.2	4.8
49	16	Robert Mines	40	+3	—	—	—
128	91	††SPO Minerals 10p	128	......	—	—	—
58	26	Sabina Inds. C$1	37	......	—	—	—
51	31	††SWCM 10p	38	−1	—	—	—
650	411	Tara Expln. $1	540	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- 0 No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-82. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	38	......	Conv. 9% '80/82	£93	......
Bertam	15	......	Nat. 9¾% 84/89	£81⅝	+⅛
Bdg'wtr. Est. 50p	480	......	Fin. 13% 97/02	£88¼	+⅛
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	37	......	Arnott	232	−8
Finlay Pkg. 5p	27	......	Carroll (P.J.)	77	......
Graig Ship. £1	£23	+1	Clondalkin	100	......
Higsons Brew	67	......	Concrete Prods.	85	......
Holt (Jos) 25p	283	......	Heiton (Hldgs.)	33	......
I.O.M. Stm. £1	162	......	Ins. Corp.	310	......
Pearce (C. H.)	580	+10	Irish Ropes	37	......
Peel Mills	49	......	Jacob	311xd	......
Sheff. Refrshmt	95	......	T.M.G.	62	......
Sindall (Wm.)	141	......	Unidare	80	......

OPTIONS

3-month Call Rates

Guardian	32	Trust Houses	18	Charter Cons.	30
G.K.N.	18	Tube Invest.	21	Cons. Gold	65
Hawker Sidd	28	Unilever	42	Lonrho	11
House of Fraser	15	U.D.T.	3	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Thursday October 30 1980

Chrysler reports huge loss to take deficit to $1.47bn

BY IAN HARGREAVES IN NEW YORK

CHRYSLER, the U.S. motor company saved from bankruptcy by Government aid earlier this year, reported another huge quarterly loss yesterday, taking its deficit so far this year to $1.47bn.

At the same time, the company hedged its previous confident predictions that it would return to profits in the final quarter by saying such a development would depend on "moderation in interest rates, a modest upturn in the economy and some improvement in the current rate of truck sales."

Chrysler's loss in the first nine months is, ironically, almost exactly equal to the $1.5bn in loan guarantees agreed by Congress. Chrysler has so far drawn $800m of these guarantees and does not expect to need more this year.

In the third quarter, the company lost $490m on sales of $2bn, compared with a loss of $461m on sales of $2.5bn in the third quarter of last year. Some $150m of the loss in this year's third quarter reflected plant closures and the costs of launching new models.

The company's share fo the U.S. market also continued to slide, amounting to 8.6 per cent in the first nine months of this year, compared with 10 per cent in the same period of last year.

But Chrysler has consistently maintained that no substantial improvement could be expected in its fortunes until its new car models—the K-car series—went on sale at the beginning of this month.

Chrysler has had trouble meeting demand for K-cars, but it expects availability to improve quickly and produce a better market share in the statistics for late October sales.

In the first 20 days of the month, Chrysler sales were 7 per cent higher than in the same period last year, whereas Ford sales for the period were sharply lower, despite the launch of the new Escort-Lynx model range.

Chrysler spoke yesterday of pent up demand for new cars, adding: "The scrap rate for old cars now exceeds the sales rate for new cars for the first time since World War Two."

But the recent rise in U.S. interest rates—the Prime Rate went up again yesterday—is of deep concern to the motor companies. High rates make dealers unwilling to carry a large range of cars in their showrooms as well as making it much more expensive for customers who buy their new cars on credit.

All the U.S. motor companies made heavy third quarter losses and together Ford, Chrysler, General Motors and American Motors, have lost close to $4bn so far this year. Ford's third-quarter loss announced on Tuesday was $595m.

Canada to purchase foreign oil groups

By Jim Rusk in Ottawa

THE CANADIAN Government intends to purchase a controlling stake in the subsidiaries of two or three foreign-owned oil companies operating in the country within the next 12 to 18 months. Major companies which could be involved include BP Canada, and local interests of Petrofina of Belgium and a number of large U.S. companies, officials said here yesterday.

The plan emerged on Tuesday night when Mr. Allan MacEachen, Canada's Finance Minister, presented his budget to Parliament. The overall plan is for Canada to control 50 per cent of its oil industry by 1990.

Seventeen of the 27 oil companies operating in Canada are foreign owned.

The Ottawa Government has drawn up a list of potential purchases, although officials would not name them. Petro-Canada, the State oil company, has for some months been seeking out foreign oil companies interested in selling their Canadian operations.

There are few details of the nationalisation plan in the tough energy policy unveiled in Tuesday's budget speech. But Ottawa is prepared to move quickly before rising oil prices and frontier exploration success drives the cost of acquisitions much higher.

The most likely candidates for take-over are said to be two or three companies from a list that includes BP Canada, Petrofina, and Texaco, Amoco, Chevron and Standard, all of the U.S. Two other American companies, Mobil and Suncor, are also possibilities.

The "big three" of the Canadian industry, Shell, Gulf and Imperial Oil, the Canadian subsidiary of Exxon, are not likely to be purchased, as they have long ago sold significant shareholdings to Canadians.

Foreign companies are effectively being shut out of the conventional oil-producing areas in Alberta, British Columbia and Saskatchewan by an extensive revision of fiscal incentives.

Depletion allowances for exploration in conventional areas will be phased out over the next three years, to be replaced by a series of incentive grants available only to Canadian-controlled companies.

Foreign companies will continue to be eligible for depletion allowances and for incentive grants on Federal lands in the north and off the coasts, but their Canadian-controlled competitors will receive additional incentives.

The final nudge in the direction of selling may come from the reduced profit potential of Canadian companies caused by a special levy of 8 per cent on the net operating revenue from oil and gas production, which will be imposed after January 1, next year.

Canada aims for self-sufficiency, Page 5

THE LEX COLUMN

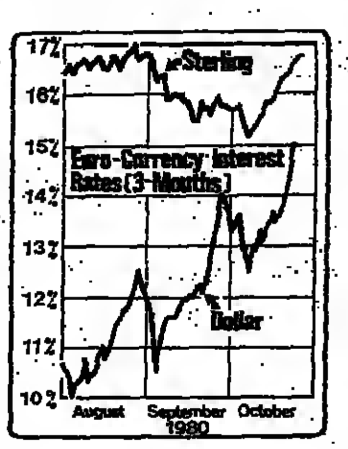
Steady nerves in gilt-edged

The Government may be under severe pressure to force through a cut in short term interest rates, but at least Mrs. Thatcher can note that her stubbornness is appreciated by the gilt-edged market. The long end of the Government bond market has remained remarkably steady this week despite the obvious pressure on the short term money markets — where period rates edged up again yesterday — and despite the sharp weakness of dollar bonds. There are signs that the Government's stance is having the positive effect of reducing inflationary expectations.

At least two kinds of advice are being offered to the Government on MLR. There is the ICI/CBI type of plain man's view that a "calculated risk" must be taken to cut the cost of money because industry cannot afford the interest charges, and is being crippled by the level of sterling. Then there is the more sophisticated approach, which centres on the unreliability of the monetary statistics; a bout of round-tripping, for instance, may have artificially inflated monetary growth in the October banking month, which the City now guesses could have shown further unsatisfactory growth in sterling M3 of the order of 1½ per cent.

But the Government has made too many mistakes in the last 18 months to be in a position to take risks. And the argument that the level of sterling is being held up by high interest rates is partly deflated by the surge in dollar rates (the yield on U.S. Treasury bonds, for instance, is now within a point of the return on UK gilts) though it is also true that the attractions of both the dollar and sterling have been putting severe pressure on low rate currencies, notably the DM.

Index fell 2.3 to 493.2



Dry hole

Squeals of protest are being heard from stags who managed to get in applications last week for Laing and Cruickshank's hush-hush offer for sale of American Oilfields Systems, but now find themselves being cut out of the allotment list. The offer of 10m 50p paid shares was subscribed four or five times over, and it seems that only applicants deemed to be genuine long-term investors are getting any shares. Such paragons, surprise, surprise, turn out to be mostly (but not always) established clients of Laing and Cruickshank.

But it emerges that Laing and Cruickshank are not necessarily the villains of the piece. An important role has also been played by the Stock Exchange, fresh from its previous intervention in the fringe oil share market earlier this month when it banned dealings in Norsk Viking Oil. The Stock Exchange does not want to see an active unofficial market to develop in unlisted shares like AOS. But a "quiet" offer for sale seems a contradiction in terms, especially if the stags get wind of it. And there is nothing to be said for trying to turn an offer for sale into a placing after the applications are in.

Canadian budget

Canadian share prices generally moved a little higher yesterday morning in response to Tuesday night's Budget. There had been some speculation that the package might include harsher taxes for portfolio investors, which did not in the event materialise. But oil shares and the bond market were both looking decidely groggy after the news, and one can see why.

The energy sector is to bear almost the entire burden of the Government's drive for extra revenue. With two new taxes scheduled to raise $11.7bn over the next three years. Yet a fair slice of this new revenue is to be devoted to new federal spending initiatives. And although the Budget statement blandly projects a smooth decline in the Government's financial requirements over the period, from 4.3 per cent of GNP in 1980-81 to 1.8 per cent in 1983-84, the reaction in the stock market was cynical.

The impact of the energy taxes will be to increase the federal share of petroleum production income from around 10 per cent in recent years to 24 per cent between 1980 and 1983. The producing provinces' take will drop from 45 to 43 per cent, and industry's share slumps from 45 to about 33 per cent. In addition, foreign owned companies will be subject to specific discrimination through a new system of direct exploration incentives which will largely replace the present depletion allowances.

As part of the same policy, the state oil company has been instructed to buy the Canadian operations of "one or more" multinational oil companies. The idea is that most of the finance will be raised through foreign capital markets, but the Government is also prepared to slap a tax on oil and gas consumption for additional infusions of equity capital.

Of course the stock market has been discounting higher energy taxes for some time. But this does not look like the kind of package that will send the foreign investor reaching for his cheque book, and there remains one big uncertainty—the likely reaction of the energy producing provinces.

Arthur Bell

In common with the rest of the industry, Bell has found the going tough in the April-June quarter—especially with its dependence on the home market. Pre-tax profits for the year emerged £17,000 higher at £16.8m, but this disguises a 6 per cent second half fall. Volume is down by less than the market average, however, so the group's home market share has risen an extra couple of points to 26 per cent. Meanwhile, with costs rising at a modest 10 per cent and a price rise of about 17 per cent in February, the company has been able to push up second half whisky trading margins.

While the performance is solid enough—and took the share price up 5p to 180p—it is difficult to see where the company goes now. There are unlikely to be significant further gains in UK market share, nor is there yet any convincing sign that Bell will be able to make a real impact in the U.S. An EEC-inspired reduction in duties and a change in the payment timings are possibilities with material effects on the profitability of the whole industry, but Bell in particular may be vulnerable if Distillers finds itself able to bring Johnnie Walker Red back into the UK.

Ulster joins prison dispute

By Pauline Clark, Labour Staff

THE crisis in Britain's prison service spread to Northern Ireland yesterday with local prison officers backing a union call for sympathetic action in the national dispute over meal break payments.

The decision by the area council of the Northern Ireland branch of the Prison Officers' Association poses a major security problem in Ulster where the majority of prisoners are either convicted terrorists, or are on remand charged with serious offences including murder.

It was taken despite the fact that prison officers in Ulster's six prisons are not directly affected by the meal breaks dispute which has already crippled the prison service in England and Wales

Secure

The Northern Ireland office said it had been told that from today Ulster's 1,500 prison officers will refuse to receive new remands, new committals or returned remand prisoners.

Shortly afterwards the authorities announced they were calling in the Royal Ulster Constabulary to staff temporary prison accommodation in an effort to deal with the effects of the action.

Meanwhile, measures were in hand to ensure that remand prisoners were held in secure custody.

Members of the RUC will staff a temporary holding centre near Londonderry, known as the Foyle Prison, last used two years ago

A large number of remand prisoners are due to appear today in the Belfast magistrates court, and it is understood that those posing a major security threat will be closely guarded by police and troops in RUC cells.

The Ulster prison officers have made clear, however, that any high-risk prisoners will be readmitted to prisons.

But the action has given rise to fears of heightened tensions in the province where the difficult prison climate has already been made worse by the IRA hunger strike in the Maze prison.

Since the Government's emergency bill does not apply in Northern Ireland, it is expected that an order in council will be passed swiftly to legalise the setting up of a new holding centre in Londonderry.

Meanwhile, 260 men from the Gordon Highlanders were working yesterday to prepare the £13m Frankland prison in Durham for its first intake of prisoners today.

Solid

Mr. Colin Steel, chairman of the POA, warned that special hospitals, including Broadmoor and Rampton, could be affected if action is stepped up in the face of the Home Office's refusal to allow independent arbitration on the meal break claim. He described support for present action as "solid as a rock."

Sir Thomas Skyrne, chairman of the Magistrates' Association, said yesterday that "quite a few protests" had been received from members over the new measures being taken by the Home Office to cope with the crisis.

Although the "vast majority" of magistrates recognised the seriousness of the situation, there had been protests about the removal of their powers to imprison for wilful failure to pay a fine.

The association's comments followed news that Mr. Harold Hickling, a magistrate, at Melton Mowbray, Leicestershire, had decided to resign over the issue.

Editorial comment, Page 22; Lords debate, Page 10

Toshiba to continue making colour televisions in UK

BY JASON CRISP

TOSHIBA, the Japanese electrical and electronics manufacturer, is to continue making colour televisions in the UK in spite of the collapse of the joint venture with the Rank Organisation announced last month.

Rank originally offered to sell its 70 per cent stake in the joint venture to Toshiba. But yesterday both companies announced that Rank was to buy out Toshiba's stake for a nominal sum and continue with the rundown of the Plymouth and Redruth factories.

Toshiba will then buy back the Plymouth factory and some of the production equipment from Rank and start producing colour televisions, but with a clean sheet.

Rank-Toshiba employs 2,700 people, including 1,900 at Plymouth. Toshiba is refusing to say how many people it will re-employ, but it is only likely to be a "few hundred." Closure of the Redruth factory is to go ahead.

Rank has estimated that losses in the television venture could cost it £25m — a combination of trading losses and redundancy payments. Production is to continue until Christmas, after which the factory will be run down for closure at the end of March.

The Department of Employment, the trade unions and Rank-Toshiba employees have been advised of the beginning of the statutory 90-day consultation period.

When it was first announced that the factory was likely to close Rank blamed the value of the pound, which limited exports to Europe, the rise in production costs, and the weakness of the British market.

Last month Philips, the Dutch electrical giant, announced the closure of its factory in Lowestoft, with the loss of 1,100 jobs, to concentrate production at its Croydon plant.

A number of other Japanese companies manufacture televisions in the UK.

Sony, which has a factory at Brigend, Wales, has recently said it was having difficulty keeping pace with demand. Matsushita—National Panasonic—plans to increase production, while GEC has a joint venture Cardiff.

The joint venture agreement between Rank and Toshiba was signed just over two years ago and £10m has been spent on the modernisation of the factory—originally owned by Rank.

According to the companies, Toshiba will be sharing the cost of running down the factory and the redundancy payments.

Rank Radio International, the distribution and service company for Rank televisions, is to continue operating for the time being while Rank looks for a buyer.

Brokers embarrassed by rush into shares of American Oilfields

BY CHRISTINE MOIR

ANOTHER unquoted oil company, American Oilfields Systems, has run up against the Stock Exchange's hardening opposition to markets in unregulated securities—to the considerable embarrassment of stockbrokers Laing and Cruickshank.

Laing and Cruickshank, as sponsor to the new company, approached the Stock Exchange Council for permission to raise £10m with an issue of shares on the unregulated market under rule 163(2).

However, the Stock Exchange is trying to run down that market ahead of its new regulated Unlisted Securities Market, which is due to start on November 10.

As it showed earlier this month when it forbade dealings in Norsk Viking Oil under 163(2), the council is reluctant to allow active markets to develop outside the USM.

In the case of American Oilfields, which has an extensive drilling plan in the U.S., it permitted Laing and Cruickshank to go ahead with the issue on the understanding that there would be minimum possible publicity.

But the low profile adopted by the brokers proved counterproductive. The City was alerted to a new issue whose attractions increased with the lack of publicity.

By the time applications closed last Friday the issue had been heavily over-subscribed. Laing and Cruickshank will not disclose the multiple, but it is thought to be between four and five times over-subscribed.

Since then, the firm has been busy scaling down the applications by a system which has roused accusations that it is favouring its own clients over other applicants.

Yesterday Mr. John Gordon at Laing and Cruickshank, who is also a director of American Oilfields, claimed it was "not wholly accurate to say that only our clients will receive stock. A number of outsiders will have got some."

He explained, however, that in an attempt to place the shares with long-term holders rather than with active dealers, the firm was attempting to weed out multiple applications and stags who would only hold the shares short-term.

This was taking time, but he hoped to have all applications processed by the end of the week.

Kania flies to Moscow talks

BY CHRISTOPHER BOBINSKI AND ANTHONY ROBINSON IN WARSAW

MR. STANISLAW KANIA, the Polish Communist Party leader, is flying unexpectedly to Moscow today to discuss with the Soviet leadership what is now seen as a critical moment in relations with the independent Polish trade union movement.

The visit appears to have been announced at short notice, and obliged both Mr. Kania and Mr. Jozef Pinkowski, the Polish Prime Minister, to bring forward meetings with Lord Carrington, the Foreign Secretary, who arrived here last night.

Mr. Kania's visit to Moscow at Russian invitation, is the first since he replaced Mr. Edward Gierek as Party secretary on September 6. Mr. Mieczyslaw Jagielski, the Deputy Prime Minister, went to Moscow shortly after the leadership change in Poland to discuss the current situation with the Soviet leadership.

A report of the Politburo meeting broadcast on Polish television just after the announcement of the Moscow talks strongly suggested that Mr. Kania and Mr. Pinkowski would seek support of the Soviet leadership for a conciliatory policy toward Poland's independent unions.

The commentary stated that the new unions "can be a lasting element of socialist democracy," and the Polish Politburo underlined that the only method of resolving problems in the country was "dialogue" between the authorities and society.

No such statement would have been issued if the Polish leadership did not think that it would get the support of the Soviet leaders for its attempts to solve the crisis by peaceful means.

According to the television commentary the Polish Party's most senior decision-making body had decided that the process of renewal was "irreversible" and was going "too slowly."

All this suggests that yesterday's Politburo meeting marks a victory for the reformists, headed by Mr. Kania, within the Party leadership. It also means that there is every chance that the present crisis between Government and unions will be solved amicably.

Polish unions struggle, Page 3

Continued from Page 1

Prime rate

concerns that already exist on Wall Street.

The new rate, which was swiftly established by all the major banks after the initial move by Morgan Guaranty and Chase Manhattan, means the prime has climbed back nearly four points since its midsummer low of 10½ per cent.

It follows the sharp rise in U.S. interest rates triggered by the new upward movement in the money supply and inflation. And unless there is an early reversal in the markets, the prime could soon go up to 15 per cent.

Continued from Page 1

Howe forecast

only way ahead, and Ministers would stick to it — although the going was tough.

"The temptation when the going becomes more difficult to do something new, however inappropriate, just for the sake of it is one we will not succumb to," he insisted.

The Chancellor was challenged by two Tory backbenchers—Mr. Geoffrey Rippon (Hexham) and Mr. Peter Tapsell (Horncastle)—about the need to reduce interest rates. But he argued that this would probably have very little effect on the exchange rate.

In his view, interest rates had less influence on sterling than UK self-sufficiency in oil, the rising real price of oil and the political situation in the Middle East.

Further discontent surfaced when Mr. Nicholas Winterton, right-wing MP for Macclesfield, launched a tirade against his front bench on the effect of Government policies. He argued that people were being put out of work unnecessarily because of the Government's insensitive and inflexible policies.

Weather

UK TODAY

MAINLY dry with sunny periods, early fog in some places.

England, Wales, Ulster, Borders, C. Highlands, S.W. Scotland

Early fog patches, perhaps slow to clear, mainly dry, sunny periods. Max. 13C (55F).

N.E., N.W. Scotland, Orkney, Shetland, Channel Islands, Isle of Man

Mainly dry, sunny periods. Max. 13C (55F).

Outlook: Dry in the East, occasional rain in the West.

WORLDWIDE

		°C Y'day midday	°F			°C Y'day midday	°F
Ajaccio	S	19	66	Locarno	S	15	59
Alxdrie.	C	25	77	London	F	13	55
Algiers	S	23	73	Luxmbg.	F	11	52
Amsdm.	R	12	54	Luxor	F	39	95
Athens	F	19	66	Madrid	S	20	68
Bahrain	S	28	82	Majorca	S	21	70
Barclna.	S	21	70	Malaga	F	22	72
Belfast	C	10	50	Malta	F	23	73
Belgrd.	S	17	63	Mchstr.	F	11	52
Berlin	C	13	55	Melbne.	C	18	64
Biarritz	C	19	66	Milan	S	16	61
Bmghm.	C	11	52	M'ntrool	F	−3	27
Blackp'l	S	11	52	Moscow	C	4	39
Bordx.	C	17	63	Munich	F	19	66
Boulgn.	F	13	55	Nairobi	C	25	77
Bristol	F	12	54	Naples	S	20	68
Brussels	C	12	54	Nwcstl.	S	11	52
Budpst.	S	16	61	N. York	F	4	39
Cairo	C	25	77	Nice	F	18	64
Cardiff	S	12	54	Nicosia	S	28	82
Cape T.	S	23	73	Oporto	F	23	73
Cologne	C	13	55	Oslo	C	6	43
Cpnhgn.	F	11	52	Paris	F	14	57
Corfu	S	22	72	Perth	S	26	79
Dublin	F	11	52	Prague	F	14	57
Dbrvnk.	S	20	68	Reykjvk.	R	5	41
Ednbgh.	F	10	50	Rhodes	C	23	73
Faro	S	24	75	Riyadh	S	30	86
Florence	C	12	54	Rome	S	19	66
Frankf't	S	22	72	Salzb'rg	C	18	64
Genova	F	19	66	Seoul	S	13	55
Gibrltr.	S	19	66	Singapr.	C	27	81
Glasgow	S	11	52	Stckhm.	C	6	43
G'msey	F	13	55	Strasb'g	C	14	57
Helsinki	Sn	1	34	Sydney	S	21	70
H. Kong	F	25	77	Tel Aviv	S	28	82
Innsbr'k	S	17	63	Tenerife	F	25	77
Invrnss.	C	5	45	Tokyo	S	17	63
I.o.Man	F	11	52	Tunis	F	22	72
Istanbul	S	19	66	Valencia	S	21	70
Jeddah	S	33	91	Venice	F	10	50
Jersey	F	13	55	Vienna	S	16	61
Jo'burg	F	30	86	Warsaw	F	14	57
L. Plms.	F	24	75	Zurich	F	18	64
Lisbon	S	20	68				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.